

**DISPOSITION AND DEVELOPMENT AGREEMENT**

By and Between the

**REDEVELOPMENT AGENCY OF THE CITY OF BURBANK**

and

**BURBANK HOUSING CORPORATION**

concerning

**427 WEST VALENCIA AVENUE**

## DISPOSITION AND DEVELOPMENT AGREEMENT

**THIS DISPOSITION AND DEVELOPMENT AGREEMENT** (this "Agreement") is entered into as of the 21st day of February, 2006, by and between the **REDEVELOPMENT AGENCY OF THE CITY OF BURBANK**, a public body, corporate and politic (the "Agency"), and **BURBANK HOUSING CORPORATION**, a California nonprofit corporation (the "Nonprofit").

### RECITALS

The following recitals are a substantive part of this Agreement:

A. The Agency is required by California Health and Safety Code Section 33334.2, *et seq.*, to expend a certain percentage of property taxes allocated to it for the purpose of increasing, improving and preserving the City of Burbank's supply of low- and moderate-income housing available at an affordable housing cost. Pursuant thereto, the Agency has established a Low and Moderate Income Housing Fund (the "Housing Fund").

B. The Agency currently owns a single family residence (the "Improvements") located at 427 West Valencia Avenue in the City of Burbank (the "Property"). The Property is further depicted in the Map and described in the Legal Description, which are both attached hereto and incorporated herein as Attachments Nos. 1 and 2, respectively. The Property was acquired with funds from the Housing Fund.

C. The parties now desire for the Agency to lease the Property to the Nonprofit, for the Nonprofit to agree to rehabilitate and operate the Improvements and lease the Property to Very Low and Lower Income Households at an Affordable Rent.

D. The lease of the Property by the Agency to the Nonprofit, and the Nonprofit's rehabilitation and operation of the Improvements, are in the vital and best interest of the City and the health, safety and welfare of its residents, and in accord with the public purposes and provisions of applicable state and local laws and requirements.

**NOW, THEREFORE**, the Agency and the Nonprofit hereby agree as follows:

#### 100. DEFINITIONS

**"Actual Knowledge"** is defined in Section 207.1 hereof.

**"Affordability Period"** shall mean the duration of the affordable housing requirements which are set forth in this Agreement and the Regulatory Agreement, as set forth in Section 402.3 hereof.

**"Affordable Housing Agreements Expenses"** shall mean the reasonable and necessary operating expenses of the Nonprofit, attributable to the rental and operation of the Property, or

with respect to the rental or operation of any real property owned by Nonprofit which is the subject of an Affordable Housing Agreement. Affordable Housing Agreements Expenses shall include without limitation the cost of salaries, wages and other compensation of the employees of the Nonprofit, employee education, training and travel, rent, taxes, property, liability, automobile and directors' and officers' insurance, utilities, copying, postage and other communications costs, equipment, materials and supplies attributable to the operation of the Property or other Nonprofit properties subject to affordable housing agreements, or other properties owned by Nonprofit that provide services or amenities to properties subject to affordable housing agreements. As used herein, "affordable housing agreement" means any agreement between or among Nonprofit and City, Agency, and/or the Housing Authority of the City of Burbank in which Nonprofit agreed to long-term affordability covenants in accordance with either federal, state, or local affordable housing laws and/or regulations.

**"Affordable Rent"** shall have the meaning set forth in Health and Safety Code Section 50053 and in Section 402.6 hereof.

**"Agency"** means the Redevelopment Agency of the City of Burbank, a public body, corporate and politic, exercising governmental functions and powers and organized and existing under Chapter 2 of the Community Redevelopment Law and any assignee of or successor to its rights, powers and responsibilities.

**"Agency's Conditions to Lease Commencement"** means the conditions precedent to the Ground Lease Commencement for the benefit of Agency, as set forth in Section 204.1 hereof.

**"Agency's Environmental Reports"** means the reports documenting the environmental conditions of the Property and/or the Buildings, which environmental reports have been prepared prior to the execution of this Agreement or will be prepared by the Agency pursuant to this Agreement.

**"Agency Loan"** means the loan from the Agency to the Nonprofit pursuant to Section 311.1 hereof.

**"Agreement"** means this Disposition and Development Agreement by and between the Agency and the Nonprofit.

**"Capital Replacement Reserve"** is defined in Section 405 hereof.

**"City"** means the City of Burbank, a California charter city and municipal corporation.

**"Community Redevelopment Law"** means California Health and Safety Code Section 33000, *et seq.* as the same now exist or may hereinafter be amended.

**"Condition of Title"** is defined in Section 202 hereof.

**"County"** means Los Angeles County.

**"CRL Lower Income Rent"** shall have the meaning ascribed to it under Health and Safety Code Section 50053(b)(3), as it may be amended. As of the Date of Agreement, CRL Lower



Income Rent is defined as the product of 30 percent times 60 percent of the area median income adjusted for family size appropriate for that unit. For those lower income households with gross incomes that exceed 60 percent of the area median income adjusted for family size, CRL Lower Income Rent shall be defined as thirty percent of gross income of the household.

***“CRL Very Low Income Rent”*** shall have the meaning ascribed to it under Health and Safety Code Section 50053(b)(2). As of the Date of Agreement, CRL Very Low Income Rent is defined as the product of 30 percent times 50 percent of the area median income adjusted for family size appropriate for that unit.

***“Date of Agreement”*** means the date set forth in the first paragraph hereof.

***“Deed of Trust”*** means the form Deed of Trust and Assignment of Rents to be executed by the Nonprofit in favor of the Agency and recorded as an encumbrance to the Property as security for the repayment of the Agency Loan under the Promissory Note, in the form of Exhibit B to the Loan Agreement.

***“Default”*** means the failure of a party to perform any action or covenant required by this Agreement within the time periods provided herein following notice and opportunity to cure, as set forth in Section 501 hereof.

***“Environmental Reports”*** means the collective environmental investigations of the Property as reported in the Nonprofit’s Environmental Reports and the Agency’s Environmental Reports any investigations conducted by or for the Agency performed pursuant to Section 206 hereof.

***“Exceptions”*** is defined in Section 202 hereof.

***“Governmental Requirements”*** means all laws, ordinances, statutes, codes, rules, regulations, orders and decrees of the United States, the State, the County, the City, or any other political subdivision in which the Property is located, and of any other political subdivision, agency or instrumentality exercising jurisdiction over the Agency, the Nonprofit or the Property.

***“Gross Income”*** means all gross income and all revenues of any kind actually received from the Property in a calendar year, including without limitation, Property rents, any Agency rent subsidies, late charges, laundry revenues, vending machines, interest on security deposits, food service, if any, and any other revenues of whatever kind or nature from the Property.

***“Hazardous Materials”*** means any substance, material, or waste which is or becomes, regulated by any local governmental authority, the State, or the United States Government, including, but not limited to, any material or substance which is (i) defined as a “hazardous waste,” “extremely hazardous waste,” or “restricted hazardous waste” under Section 25115, 25117 or 25122.7, or listed pursuant to Section 25140 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law)), (ii) defined as a “hazardous substance” under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act), (iii) defined as a “hazardous material,” “hazardous substance,” or “hazardous waste” under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response



Plans and Inventory), (iv) defined as a "hazardous substance" under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances), (v) petroleum, (vi) friable asbestos, (vii) polychlorinated byphenyls, (viii) methyl tertiary butyl ether, (ix) listed under Article 9 or defined as "hazardous" or "extremely hazardous" pursuant to Article 11 of Title 22 of the California Code of Regulations, Division 4, Chapter 20, (x) designated as "hazardous substances" pursuant to Section 311 of the Clean Water Act (33 U.S.C. §1317), (xi) defined as a "hazardous waste" pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. §§6901, *et seq.* (42 U.S.C. §6903) or (xii) defined as "hazardous substances" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. §§9601, *et seq.*

**"Lease"** means the lease agreement pertaining to the lease of the Property from the Agency to the Nonprofit, in the form of Attachment No. 3, as described in Section 201 hereof.

**"Lease Commencement"** means the commencement of the Lease, as set forth in Section 204 hereof.

**"Lease Commencement Date"** means the date of the Lease Commencement, as set forth in Section 204 hereof.

**"Lease Term"** is defined in Section 201 hereof.

**"Legal Description"** means the description of the Property which is attached hereto as Attachment No. 2 and incorporated herein.

**"Loan Agreement"** means the agreement which sets forth the terms and conditions of the Agency Loan, as set forth in Section 311.1 hereof, in the form attached hereto as Attachment No. 7 and incorporated herein.

**"Lower Income Household"** shall mean a household earning not greater than the applicable portion of Los Angeles County median income (generally 80%) which is set forth from time to time by regulation of the California Department of Housing and Community Development, pursuant to Health and Safety Code Section 50079.5.

**"Map"** means the map of the Property which is attached hereto as Attachment No. 1 and incorporated herein.

**"Nonprofit"** means Burbank Housing Corporation, a California nonprofit corporation, and its successors and assigns.

**"Nonprofit's Conditions to Lease Commencement"** means the conditions precedent to the Ground Lease Commencement to the benefit of the Nonprofit, as set forth in Section 204.2.

**"Nonprofit's Environmental Consultant"** means the environmental consultant which may be employed by the Nonprofit pursuant to Section 208.2 hereof.

**"Nonprofit's Environmental Report"** means the environmental investigation of the Property which may be conducted for the Nonprofit by Nonprofit's Environmental Consultant, as set forth in Section 208.2 hereof.

**"Notice"** shall mean a notice in the form prescribed by Section 601 hereof.

**"Operating Reserve"** is defined in Section 405 hereof.

**"Promissory Note"** shall mean the promissory note to be executed by Nonprofit for the repayment of the Agency Loan, in substantially the form of Exhibit A to the Loan Agreement.

**"Property"** means that certain real property located at 427 West Valencia Avenue in Burbank, California. The Property is legally described in the Legal Description and depicted on the Map.

**"RAP"** is defined in Section 207.3 hereof.

**"Rehabilitation"** means the rehabilitation of the Improvements and Property in conformance with Section 301 hereof and the Scope of Rehabilitation.

**"Remedial Work"** is defined in Section 207.3 hereof.

**"Rent"** shall mean the total of monthly payments by the tenants of an apartment unit for use and occupancy for the unit and facilities associated therewith, including a reasonable allowance for utilities for an adequate level of service, as defined in 25 California Code of Regulations § 6918.

**"Report"** means the preliminary title report, as described in Section 202 hereof.

**"State"** means the State of California.

**"Title Company"** is defined in Section 202 hereof.

**"Title Policy"** is defined in Section 203 hereof.

**"Transfer"** is defined in Section 603.1 hereof.

**"Very Low Income Household"** shall mean a household earning not greater than fifty percent (50%) of Los Angeles County area median income, adjusted for household size, as set forth by regulation of the California Department of Housing and Community Development, pursuant to Health and Safety Code Section 50105.

## **200. LEASE OF THE PROPERTY**

### **201. Acquisition of Property by Agency and Lease to Nonprofit.**

**201.1 Lease of Property.** Subject to the satisfaction or waiver of the Agency's Conditions Precedent to Lease Commencement as set forth in Section 204.1 hereof and the satisfaction or waiver of the Nonprofit's Conditions Precedent to Lease Commencement as set forth in Section 204.2 hereof, Agency shall lease the Property to the Nonprofit (the "Lease") for a term commencing on the Lease Commencement Date and ending on the date that is fifty-five (55) years after the Effective Date (the "Lease Term"), at a rental amount of One Dollar per year until the Agency Loan is repaid in full, and an amount equal to 100% of Residual Receipts



(as defined in the Lease, Loan Agreement, and Promissory Note) for the remainder of the Lease Term thereafter (the "Lease Rent"). The terms and conditions of the Lease shall be set forth in a Lease in the form attached hereto as Attachment No. 3 and incorporated herein.

**202. Review of Title.** Within thirty (30) days from the date of this Agreement, the Agency shall cause Lawyers Title Company, or another title company mutually agreeable to both parties (the "Title Company"), to deliver to Nonprofit a preliminary title report (the "Report") with respect to the title to the Property, together with legible copies of the documents underlying the exceptions ("Exceptions") set forth in the Report. The Nonprofit shall have the right to reasonably approve or disapprove the Exceptions; provided, however, that the Nonprofit hereby approves the lien of any non-delinquent property taxes and assessments (to be prorated at close of Escrow).

Nonprofit shall have thirty (30) days from the date of its receipt of the Report to give written notice to Agency and Escrow Agent of Nonprofit's approval or disapproval of any of such Exceptions set forth in the Report. Nonprofit's failure to give written disapproval of the Report within such time limit shall be deemed approval of the Report. If Nonprofit notifies Agency of its disapproval of any Exceptions in the Report, Agency shall have the right, but not the obligation, to remove any disapproved Exceptions within thirty (30) days after receiving written notice of Nonprofit's disapproval or provide assurances satisfactory to Nonprofit that such Exception(s) will be removed on or before the Lease Commencement. If Agency cannot or does not elect to remove any of the disapproved Exceptions within that period, Nonprofit shall have fifteen (15) days after the expiration of such thirty (30) day period to either give the Agency written notice that Nonprofit elects to proceed with the Lease Commencement subject to the disapproved Exceptions or to give the Agency written notice that the Nonprofit elects to terminate this Agreement. The Exceptions to title approved by Nonprofit as provided herein shall hereinafter be referred to as the "Condition of Title." The Nonprofit shall have the right to approve or disapprove any further Exceptions reported by the Title Company after the Nonprofit has approved the Condition of Title for the Property (which are not created by Nonprofit). The Agency shall not voluntarily create any new exceptions to title following the date of this Agreement.

**203. Title Insurance.** Concurrently with the Lease Commencement, there shall be issued to Nonprofit a CLTA lessee's policy of title insurance (or, at Nonprofit's option, an ALTA extended coverage lessee's policy of title insurance)(the "Title Policy") in the amount of Six Hundred Thousand Dollars (\$600,000.00), together with such endorsements as are reasonably requested by the Nonprofit, issued by the Title Company insuring that the leasehold interest to the Property is vested in Nonprofit in the condition required by Section 203 of this Agreement. The Title Company shall provide the Agency with a copy of the Title Policy. The Agency agrees to remove on or before the Lease Commencement any deeds of trust or other monetary liens against the Property. The Agency shall pay that portion of the premium for the Title Policy equal to the cost of a CLTA standard coverage title policy in the amount of the Purchase Price. Any additional costs, including the incremental additional cost of an ALTA policy or any endorsements requested by the Nonprofit, shall be borne by the Nonprofit.

**204. Conditions to Lease Commencement.** The Lease Commencement Date shall be the next business day following satisfaction of the terms and conditions specified below:



**204.1 Agency's Conditions to Lease Commencement.** Agency's obligation to proceed with the Lease Commencement is subject to the fulfillment or waiver by Agency of each and all of the conditions precedent (a) through (f), inclusive, described below ("Agency's Conditions Precedent"), which are solely for the benefit of Agency, and which shall be fulfilled or waived by the time periods provided for herein:

(a) **No Default.** Prior to the Lease Commencement, Nonprofit shall not be in default in any of its obligations under the terms of this Agreement and all representations and warranties of Nonprofit contained herein shall be true and correct in all material respects.

(b) **Execution of Documents.** The Nonprofit shall have executed the Lease, the Regulatory Agreement, the Promissory Note, the Deed of Trust and any other documents required hereunder.

(c) **Payment of Funds.** Prior to the Lease Commencement, Nonprofit shall have paid all required costs of the Title Policy.

(d) **Insurance.** The Nonprofit shall have provided proof of insurance as required by Section 306 hereof.

(e) **Management Plan.** The Nonprofit shall have provided Agency a plan for managing the Property and Improvements before, during, and after the Rehabilitation ("Management Plan") and the Agency shall have approved the Management Plan, which approval shall not be unreasonably withheld.

(f) **Project Management/Contract Procurement.** The Nonprofit shall have submitted proof of the Construction Management Agreement and Contract Procurement Plan as required in Section 305 of this Agreement.

**204.2 Nonprofit's Conditions to Lease Commencement.** Nonprofit's obligation to proceed with Lease Commencement is subject to the fulfillment or waiver by Nonprofit of each and all of the conditions precedent (a) through (e), inclusive, described below ("Nonprofit's Conditions Precedent"), which are solely for the benefit of Nonprofit, and which shall be fulfilled or waived by the time periods provided for herein:

(a) **No Default.** Prior to the Lease Commencement, Agency shall not be in default in any of its obligations under the terms of this Agreement and all representations and warranties of Agency contained herein shall be true and correct in all material respects.

(b) **Execution of Documents.** The Agency shall have executed the Lease, the Regulatory Agreement, the Loan Agreement and any other documents required hereunder.

(c) **Review and Approval of Title.** Nonprofit shall have reviewed and approved the condition of title of the Property, as provided in Section 203 hereof.

(d) **Review and Approval of Environmental Condition of Property.** Nonprofit shall have reviewed and approved the environmental condition of the Property, as

provided in Section 207 hereof.

(e) **Title Policy.** The Title Company shall, upon payment of Title Company's regularly scheduled premium, have agreed to provide to the Nonprofit the Title Policy for the Property upon the Lease Commencement, in accordance with Section 203 hereof.

## **205. Representations and Warranties.**

**205.1 Agency Representations.** Agency represents and warrants to Nonprofit as follows:

(a) **Authority.** Agency is a public body, corporate and politic, existing pursuant to the Community Redevelopment Law, which has been authorized to transact business pursuant to action of the City. Agency has full right, power and lawful authority to grant, sell and convey the Property as provided herein, and the execution, performance and delivery of this Agreement by Agency has been fully authorized by all requisite actions on the part of the Agency.

(b) **FIRPTA.** The Agency is not a "foreign person" within the parameters of FIRPTA or any similar state statute, or is exempt from the provisions of FIRPTA or any similar state statute, or that the Agency has complied and will comply with all the requirements under FIRPTA or any similar state statute.

(c) **No Conflict.** To the best of Agency's knowledge, Agency's execution, delivery and performance of its obligations under this Agreement will not constitute a default or a breach under any contract, agreement or order to which Agency is a party or by which it is bound.

(d) **Litigation.** There are no claims, causes of action or other litigation or proceedings pending or, to the Best Knowledge of the Agency, threatened with respect to the ownership, operation or environmental condition of the Property or any part thereof (including disputes with mortgagees, governmental authorities, utility companies, contractors, adjoining landowners or suppliers of goods and services).

(e) **Violation.** To the Best Knowledge of the Agency, except as set forth in the Agency's Environmental Reports, there are no violations of any health, safety, pollution, zoning or other laws, ordinances, rules or regulations with respect to the Property, which have not heretofore been entirely corrected. In the event Agency obtains actual knowledge of any such violations other than those disclosed above, Agency shall (i) immediately provide Nonprofit with copies of all documents evidencing such violation, and (ii) to the extent feasible, cure such violation prior to Lease Commencement; provided nothing stated herein shall require Agency to undertake any additional investigations or to prepare any further Environmental Report other than those prepared as of the date of this Agreement.

(f) **No Proffers.** Agency has not made, and prior to the Lease Commencement Date, will not make, any commitments to any governmental authorities, utility company, school board, church or other religious body, or any homeowner or homeowner's association, or to any other organization, group or individual, relating to the Property which would impose any obligation on the Nonprofit, or its successors or assigns, after the Lease



Commencement Date to make any contributions of money, dedications of land or grant of easements or rights of way, or to construct, install or maintain any improvements of a public or private nature on or off the Property, without the approval of the Nonprofit.

Until the Lease Commencement, the Agency shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 206.1 not to be true as of the Lease Commencement, immediately give written notice of such fact or condition to the Nonprofit. Such exception(s) to a representation shall not be deemed a breach by the Agency hereunder, but shall constitute an exception which the Nonprofit shall have a right to approve or disapprove if such exception would have an effect on the value and/or development of the Property. If the Nonprofit elects to proceed with the Lease Commencement following disclosure of such information, Agency's representations and warranties contained herein shall be deemed to have been made as of the Lease Commencement, subject to such exception(s). If, following the disclosure of such information, the Nonprofit elects to not proceed with the Lease Commencement, then this Agreement shall automatically terminate, and neither party shall have any further rights, obligations or liabilities hereunder. The representations and warranties set forth in this Section 206.1 shall survive the Lease Commencement.

**205.2 Nonprofit's Representations.** The Nonprofit represents and warrants to Agency as follows:

(a) **Authority.** Nonprofit is a duly organized nonprofit corporation incorporated within and in good standing under the laws of the State of California. The copies of the documents evidencing the organization of the Nonprofit which have been delivered to the Agency are true and complete copies of the originals, as amended to the date of this Agreement. The Nonprofit has full right, power and lawful authority to purchase and accept the conveyance of the Property and undertake all obligations as provided herein and the execution, performance and delivery of this Agreement by Nonprofit has been fully authorized by all requisite actions on the part of the Nonprofit.

(b) **No Conflict.** To the best of Nonprofit's knowledge, Nonprofit's execution, delivery and performance of its obligations under this Agreement will not constitute a default or a breach under any contract, agreement or order to which the Nonprofit is a party or by which it is bound.

(c) **No Nonprofit Bankruptcy.** The Nonprofit is not the subject of a bankruptcy proceeding.

Until the Lease Commencement, the Nonprofit shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 205.2 not to be true as of the Lease Commencement, immediately give written notice of such fact or condition to the Agency. Such exception(s) to a representation shall not be deemed a breach by the Nonprofit hereunder, but shall constitute an exception which Agency shall have a right to approve or disapprove if such exception would have an effect on the value and/or development of the Property. If the Agency elects to proceed with the Lease Commencement following disclosure of such information, Nonprofit's representations and warranties contained herein shall be deemed to have been made as of the Lease Commencement, subject to such exception(s). If,



following the disclosure of such information, the Agency elects to not proceed with the Lease Commencement, then this Agreement and the Escrow shall automatically terminate, and neither party shall have any further rights, obligations or liabilities hereunder. The representations and warranties set forth in this Section 205.2 shall survive the Lease Commencement.

**206. Studies and Reports.** As of the date of this Agreement, Agency has performed certain investigations pertaining to the environmental condition of the Property and caused the preparation of certain reports pertaining thereto. Specifically, the Agency has caused the preparation of a Phase 1 Environmental Site Assessment for the Property (dated April, 1999), prepared by Environmental Engineering, Inc. Nonprofit acknowledges receipt of the Phase 1 Environmental Site Assessment referenced herein and is aware of the contents thereof. The Environmental Site Assessment generally provides notification that the Property is near an area with regional groundwater contamination, but that the parcel comprising the Property is not considered to have contribution to said contamination. Limited amounts of Asbestos Containing Materials ("ACM") and Lead-Based Paint ("LBP") were detected in the Survey. Where appropriate, the Survey recommends measures to abate or mitigate ACM and/or LBP. Nonprofit acknowledges receipt of said Surveys and is aware of the contents thereof.

Prior to the Lease Commencement, representatives of the Nonprofit shall have the right of access to all portions of the Property for the purpose of obtaining additional data and making additional surveys and tests necessary to carry out this Agreement, including additional investigation of the soils and environmental condition of the Property. Any preliminary work undertaken on the Property by Nonprofit prior to the Lease Commencement shall be done at the sole expense of the Nonprofit, and following the Nonprofit's execution of a right of entry agreement to be provided by the Agency. Any preliminary work shall be undertaken only after securing any necessary permits from the appropriate governmental agencies.

## **207. Condition of the Property.**

**207.1 Disclosure.** Housing built before 1978 may contain lead-based paint. Lead from paint, paint chips and dust can pose health hazards if not taken care of properly. The Agency believes the Buildings were constructed prior to 1978 and, as indicated in the Surveys, the building contains LBP and ACM. Lead exposure is especially harmful to young children and pregnant women. Landlords must, before renting pre-1978 housing, disclose the presence of known lead-based paint and lead-based paint hazards in the dwelling. Tenants must also receive a Federally approved pamphlet on lead poisoning prevention.

Agency hereby represents that to the best of its knowledge, except for the conditions of the Property documented in the Agency's Environmental Reports, it is not aware of and has not received any notice or communication from any government agency having jurisdiction over the Property notifying Agency of the presence of surface or subsurface zone Hazardous Materials in, on, or under the Property, or any portion thereof, except as may be set forth in the environmental reports which the Agency has submitted to the Nonprofit prior to the date of this Agreement. "Best knowledge," as used herein, shall not impose a duty of investigation, and shall be limited to the actual knowledge of Agency employees and agents who manage the Property or have participated in the preparation of this Agreement, and all documents and materials in the possession of Agency and City.

**207.2 Investigation of Property.** The Nonprofit shall have the right, at its sole cost and expense, to engage its own environmental consultant (the "Nonprofit's



Environmental Consultant”) to make such additional investigations as Nonprofit deems necessary, including any “Phase 1” and/or “Phase 2” investigations of the Property, and the Agency shall promptly be provided a copy of all reports and test results provided by the Nonprofit’s Environmental Consultant (the “Nonprofit’s Environmental Report”).

**207.3 Remediation of Property.** If either the Nonprofit or the Agency, based upon the Environmental Reports, reasonably believes that Hazardous Substances, are present on the Property, then either party may terminate this Agreement by Notice to the other party; provided, however, that if the other party, at its option, agrees in writing to perform the remediation of the Property at its expense, such termination shall be ineffective. The party agreeing to perform the remediation shall deliver to the other party a proposed remedial action plan (“RAP”), which RAP shall be approved by all applicable public agencies asserting jurisdiction over the remedial work to be performed pursuant to the RAP (the “Remedial Work”). The Remedial Work shall be diligently and continuously performed in accordance with applicable Governmental Requirements. In the event a party has elected to remediate the Property, such party’s compliance with the provisions of this Section 207.3, and the issuance of closure letters without any requirement of further remedial work by all governmental agencies which have asserted jurisdiction over the remediation of the Property, shall each be a Condition Precedent to the Lease Commencement.

**207.4 Nonprofit Precautions After Lease Commencement.** Upon the Lease Commencement, the Nonprofit shall use commercially reasonable efforts to prevent the release into the environment of any Hazardous Materials which are located in, on or under the Property. Such precautions shall include compliance with all Governmental Requirements with respect to Hazardous Materials.

**207.5 Required Disclosures After Lease Commencement.** After the Lease Commencement, the Nonprofit shall notify the Agency, and provide to the Agency a copy or copies, of all environmental permits, disclosures, applications, entitlements or inquiries relating to the Property, including notices of violation, notices to comply, citations, inquiries, clean-up or abatement orders, cease and desist orders, reports filed pursuant to self-reporting requirements and reports filed or applications made pursuant to any Governmental Requirement relating to Hazardous Materials and underground tanks. Upon request, the Nonprofit shall furnish to the Agency a copy or copies of any and all other environmental entitlements or inquiries relating to or affecting the Property including, but not limited to, all permit applications, permits and reports including, without limitation, those reports and other matters which may be characterized as confidential.

**207.6 Nonprofit Indemnity.** Upon the Lease Commencement, Nonprofit agrees to indemnify, defend and hold Agency and the City and their respective officers, employees, agents, representatives and volunteers harmless from and against any claim, action, suit, proceeding, damage, liability, deficiency, fine, penalty, or punitive damage (including, without limitation, reasonable attorneys’ fees), resulting from, arising out of, or based upon (i) the presence, release, use, generation, discharge, storage or disposal of any Hazardous Materials on, under, in or about, or the transportation of any such Hazardous Materials to or from, the Property which occurs after the Lease Commencement, or (ii) the violation, or alleged violation, of any statute, ordinance, order, rule, regulation, permit, judgment or license relating to the use, generation, release, discharge, storage, disposal or transportation of Hazardous Materials on,



under, in or about, to or from, the Site which occurs after the Lease Commencement. At the request of the Nonprofit, the Agency shall cooperate with and assist the Nonprofit in its defense of any such claim, action, suit, proceeding, loss, cost, damage, liability, deficiency, fine, penalty, punitive damage, or expense; provided that the Agency shall not be obligated to incur any expense in connection with such cooperation or assistance.

### **300. REHABILITATION AND OPERATION OF THE PROPERTY**

**301. Scope of Rehabilitation.** Nonprofit agrees to rehabilitate the Property and Improvements in accordance with the Scope of Rehabilitation which is attached hereto as Attachment No. 4 and incorporated herein by reference, the City Municipal Code and all other applicable local codes, rehabilitation standards, ordinances and zoning ordinances, the lead based paint requirements of 24 CFR part 35, and any applicable accessibility standards pursuant to 24 CFR part 8 (the "Rehabilitation"). The Rehabilitation shall be conducted in such a manner so as to avoid or minimize tenant displacement to the greatest extent feasible, in accordance with the provisions of Section 309.2 hereof.

Except as otherwise set forth in this Agreement, the costs of planning, designing, developing, and constructing the Rehabilitation shall be borne solely by the Nonprofit. The Rehabilitation of the Property shall be paid with the proceeds of the Agency Loan. The Nonprofit shall be responsible for any additional funds necessary to complete the Rehabilitation of the Property; provided, however, that in the event that there are insufficient Agency Loan proceeds available to fund such work, the Agency shall reasonably consider deleting certain work from the Scope of Work, in order to assure that there are sufficient funds for the Rehabilitation.

**302. Design Approvals.** Nonprofit shall prepare and submit to the City and Agency drawings required by the City to obtain demolition, construction, or grading permits (the "Construction Drawings"). The City shall have all rights to review and approve or disapprove all such Construction Drawings and other required submittals in accordance with the City Municipal Code, and nothing set forth in this Agreement shall be construed as the City's approval of any or all of the Construction Drawings.

**303. Land Use Approvals.** Before commencement of Rehabilitation or other works of improvement upon the Property, the Nonprofit shall, at its own expense, secure or cause to be secured any and all land use and other entitlements, permits and approvals which may be required for the Rehabilitation by the City or any other governmental agency affected by such construction or work. Agency shall cooperate with Nonprofit to obtain all such entitlements, permits and approvals.

**304. Schedule of Performance.** The Nonprofit hereby covenants and agrees to commence the Rehabilitation of the Property within the time set forth in the Schedule of Performance, which is attached hereto as Attachment No. 5 and incorporated herein by reference. The Nonprofit further covenants and agrees to diligently prosecute to completion the Rehabilitation of the Property in accordance with the approved Scope of Rehabilitation and Schedule of Performance.

### **305. Construction Management Agreement and Contract Procurement Plan.**



Nonprofit shall submit to the Agency one or more contracts with a duly licensed contractor ("Construction Manager") to provide construction management services for the Rehabilitation ("Construction Management Agreement"). The Construction Manager and Construction Management Agreement shall be subject to the reasonable approval of the Agency. The Nonprofit shall also submit a plan to the Agency for procuring the services of subcontractors to perform the work necessary for the rehabilitation ("Contract Procurement Plan"). The Contract Procurement Plan shall identify a process for soliciting, receiving and reviewing bids for work.

**306. Insurance Requirements.** The Nonprofit shall take out and maintain or shall cause its contractor to take out and maintain during the Affordability Period a comprehensive general liability policy in the amount of not less than Two Million Dollars (\$2,000,000) combined single limit policy, and a comprehensive automobile liability policy with limits of not less than One Hundred Thousand Dollars (\$100,000) per person and Three Hundred Thousand Dollars (\$300,000) per accident for bodily injury and not less than Twenty-Five Thousand Dollars (\$25,000) per accident for property damage. Nonprofit shall maintain insurance in the amount of Two Million Dollars (\$2,000,000) against damages sustained by reason of any action, claim or demand made by reason of breach or claim for breach of contract, or by reason of any contractual liability or alleged contractual liability on any contract entered into by the Nonprofit or its contractors, subcontractors, agents or employees with respect to the Property. All policies shall protect the Nonprofit, City and Agency from claims for such damages, and be issued by an insurance carrier qualified to do business in the State of California, which carrier is reasonably satisfactory to the Agency. Such policy or policies shall be written on an occurrence form. The Nonprofit shall also furnish or cause to be furnished to the Agency evidence satisfactory to the Agency that Nonprofit and any contractor with whom it has contracted for the performance of work on the Property or otherwise pursuant to this Agreement carries workers' compensation insurance as required by law. The Nonprofit shall furnish a certificate of insurance countersigned by an authorized agent of the insurance carrier on a form approved by the Agency setting forth the general provisions of the insurance coverage. This countersigned certificate shall name the City and the Agency and their respective officers, agents, and employees as additionally insured parties under the policy, and the certificate shall be accompanied by a duly executed endorsement evidencing such additional insured status, which shall be provided as a separate endorsement attached to the certificate. The certificate and separate endorsement by the insurance carrier shall contain a statement of obligation on the part of the carrier to notify City and the Agency of any material change, cancellation or termination of the coverage at least thirty (30) days in advance of the effective date of any such material change, cancellation or termination. Coverage provided hereunder by the Nonprofit shall be primary insurance and not be contributing with any insurance maintained by the Agency or City, and the policy shall contain such an endorsement. The insurance policy or the endorsement shall contain a waiver of subrogation for the benefit of the City and the Agency. The required certificate shall be furnished by the Nonprofit at the time set forth therefor in the Schedule of Performance. Nonprofit shall also take out and maintain from the date of the Lease Commencement until the end of the Affordability Period a policy of property damage insurance, with the policy amount in the full replacement value of the Property.

In the event Nonprofit is unable to obtain any of the insurance coverages required herein prior to Lease Commencement, the Agency may terminate this Agreement; provided, however, the Nonprofit may request the Agency to waive said insurance coverage requirements and place the Property and Rehabilitation on the Agency's insurance policy(ies). The Agency may



approve or deny Nonprofit's waiver request in its sole and absolute discretion. Concurrently with Nonprofit's waiver request, the Nonprofit shall provide written correspondence from at least three (3) insurance underwriters evidencing Nonprofit's inability to obtain insurance coverage, regardless of cost. Any cost to the Agency caused by a waiver of insurance coverage, including increased premium, shall be added to the amount of the Promissory Note under the Loan Agreement, and shall be repaid pursuant to the terms thereof.

**307. Indemnity.** The Nonprofit shall defend, indemnify, assume all responsibility for, and hold the Agency and the City, and their representatives, volunteers, officers, employees and agents, harmless from all claims, demands, damages, defense costs or liability of any kind or nature relating to the subject matter of this Agreement or the implementation thereof and for any damages to property or injuries to persons, including accidental death (including attorneys fees and costs), which may be caused by any acts or omissions of the Nonprofit under this Agreement, whether such activities or performance thereof be by the Nonprofit or by anyone directly or indirectly employed or contracted with by the Nonprofit and whether such damage shall accrue or be discovered before or after termination of this Agreement. The Nonprofit shall not be liable for property damage or bodily injury to the extent occasioned by the willful misconduct or sole negligence of the Agency or its agents or employees.

**308. Rights of Access.** Representatives of the Agency shall have the right to inspect the Property so long as Agency representatives comply with all safety rules.

**309. Compliance With Laws.** The Nonprofit shall carry out the operation of the Property in conformity with all applicable laws, including all applicable City zoning and development standards, building, plumbing, mechanical and electrical codes, and all other provisions of the City's Municipal Code.

**309.1 Taxes and Assessments.** The Nonprofit shall be entitled to apply for and receive a full or partial exemption from the payment of property taxes and assessments which would be assessed upon the Property. The Agency does not represent or warrant to the Nonprofit that such an exemption will be available to the Nonprofit. The Nonprofit shall pay prior to delinquency all ad valorem real estate taxes and assessments on the Property, subject to the Nonprofit's right to contest in good faith any such taxes or to receive an exemption from the payment of such taxes as provided above.

**309.2 Relocation.**

**a. Relocation Plan.** The Agency has prepared and adopted an Amended Relocation Plan, dated December, 2005, that identifies the estimated number of households that may be displaced by the Agency.

**b. Timing of Rehabilitation.** Nonprofit shall commence the Rehabilitation of each housing unit upon the voluntary vacation or relocation of the tenants therein, and shall not re-lease such unit until after the completion of the Rehabilitation of such unit. Nonprofit shall conduct the Rehabilitation of the Property in such a manner as to prevent, to the maximum extent feasible, any interference with of existing tenants of the Property in accordance with applicable law.



d. **Cost of Relocation.** The Agency shall provide relocation assistance in accordance with the California relocation law, Government Code Section 7260, *et seq.*, and the regulations adopted pursuant thereto by the State of California and the City (collectively, the "Relocation Laws"), and in a manner approved by the Agency to each tenant household required to permanently vacate a unit within the Property for purposes of completing the Rehabilitation. The Agency shall be fully responsible for administering determinations of eligibility and payments pursuant to the Relocation Laws. The Agency shall bear the cost of such relocation.

**309.3 Liens and Stop Notices.** The Nonprofit shall not allow to be placed on the Property or any part thereof any lien or stop notice. If a claim of a lien or stop notice is given or recorded affecting the Property the Nonprofit shall within thirty (30) days of such recording or service or within five (5) days of the demand of the Agency, whichever last occurs: pay and discharge the same; or effect the release thereof by recording and delivering to the Agency a surety bond in sufficient form and amount, or otherwise; or provide the Agency with other assurance which the Agency deems, in their sole discretion, to be satisfactory for the payment of such lien or bonded stop notice and for the full and continuous protection of Agency from the effect of such lien or bonded stop notice.

**310. Release of Construction Covenants.** Promptly after completion of the Rehabilitation in conformity with this Agreement, Agency shall furnish the Nonprofit with a "Release of Construction Covenants," substantially in the form of Attachment No. 6 hereto which is incorporated herein by reference. Agency shall not unreasonably withhold such Release of Construction Covenants. The Release of Construction Covenants shall be a conclusive determination by the Agency of satisfactory completion of the Rehabilitation and the Release of Construction Covenants shall so state. Any party then owning or thereafter purchasing, leasing or otherwise acquiring any interest in the Site or such applicable portion shall not (because of such ownership, purchase, lease or acquisition) incur any obligation or liability under this Agreement except for those continuing covenants as set forth in documents recorded against the Site prior to the recordation of the Release of Construction Covenants, including without limitation the Lease and Regulatory Agreement. If Agency refuses or fails to furnish a Release of Construction Covenants after written request from Nonprofit, Agency shall, within thirty (30) days of written request therefor, provide Nonprofit with a written statement of the reasons Agency refused or failed to furnish the Release of Construction Covenants, together with a "punch list" containing the items which have not been satisfactorily completed and the other actions which Nonprofit must take to obtain the Release of Construction Covenants. The Agency shall furnish the Release of Construction Covenants upon the completion of the punch list items have been satisfactorily completed in accordance with this Agreement. The Release of Construction Covenants is not a notice of completion as referred to in Section 3093 of the California Civil Code.

### **311. Financing Rehabilitation of Property.**

**311.1 Agency Loan.** Subject to all of the terms, covenants and conditions which are set forth herein, the Agency hereby agrees to provide a loan to the Nonprofit in an amount not to exceed Eighty-Seven Thousand Dollars (\$87,000.00) for costs of performing the Scope of Rehabilitation required under this Agreement (the "Agency Loan"). The terms and conditions of the Agency Loan shall be set forth in the Loan Agreement, in the form which is



attached hereto as Attachment No. 7 and incorporated herein. The Agency Loan shall be repaid by the Nonprofit's annual payment to the Agency of one hundred percent (100%) of the "Residual Receipts" from the Development during the term of the Agency Loan beginning after the Rehabilitation receives a final Release of Construction Covenants, until the Agency Loan has been repaid in full. Residual Receipts is defined in Section 1.1 of the Loan Agreement as "Annual Project Revenue" less the sum of "Operating Expenses," "Debt Service," and "Reserve Deposits," as all of those terms are defined in Section 3 of the Promissory Note, which is attached as Exhibit "A" of the Loan Agreement. The balance of the Agency Loan still owing as of the fifty-fifth anniversary of the Promissory Note, if any, shall be forgiven.

**311.2 No Other Encumbrances.** Nonprofit shall not permit any liens, mortgages, deeds of trust, or any other encumbrances to be recorded against the Property without Agency's prior written approval, which approval may be withheld or granted in the Agency's sole and exclusive discretion.

**311.3 Debt Restructuring.** The Agency may be considering a proposal to restructure the debt of all Burbank Housing Corporation ("BHC") holdings that are subject to affordable housing agreements with Agency. In the event the Agency and BHC complete such debt restructuring within twelve (12) months following the effective Date of this Agreement and include the Property, the Agency Assistant Executive Director is hereby authorized to execute any administrative amendments to this DDA (including the exhibits) and execute all documents necessary to effectuate the refinance/debt restructuring, on behalf of the Agency, as long as the City Attorney has determined that such document(s) is/are 1) necessary for the refinancing transaction, 2) consistent with the Agency approved refinancing plan, and 3) approved as to form.

#### **400. COVENANTS AND RESTRICTIONS**

**401. Use in Accordance with Agreement.** The Nonprofit covenants and agrees for itself, its successors, assigns, and every successor in interest to the Property or any part thereof, that upon the Lease Commencement and during the Affordability Period, the Nonprofit shall devote the Property to the uses specified in the this Agreement, the Lease, the Regulatory Agreement for the periods of time specified therein. All uses conducted on the Property, including, without limitation, all activities undertaken by the Nonprofit pursuant to this Agreement, shall conform to all applicable provisions of the Burbank Municipal Code.

#### **402. Affordable Housing Requirements.**

**402.1** The Nonprofit agrees to make available, restrict occupancy to, and rent the Property to Very Low Income Households and Lower Income Households at an Affordable Rent.

**402.2 Lease Requirements.** Prior to rental of any of the Property to new tenants, Nonprofit shall submit a standard lease form to the Agency for Agency's approval. Each such lease shall contain a waiver of relocation rights and benefits in a form which is reasonably acceptable to the Agency. The Agency shall approve such lease form upon finding that such lease form is consistent with the Lease. The Nonprofit shall enter into a lease, in the form approved by the Agency, with each new tenant of the Property.

**402.3 Duration of Affordability Requirements.** The Property shall be

subject to the requirements of this Section 402 in perpetuity commencing upon the Lease Commencement Date. For purposes of this Section 402.3, "in perpetuity" means the useful life of the Property with the land use controls imposed, but not less than fifty-five (55) years. The duration of this requirement shall be known as the "Affordability Period."

**402.4 Selection of Tenants.** The Property shall be leased to tenants selected by the Nonprofit who meet all of the requirements of a tenant selection system adopted by Nonprofit which shall be approved by the Agency in its reasonable discretion.

**402.5 Income of Tenants.** Prior to the rental or lease of the Property to a tenant, and annually thereafter, the Nonprofit shall obtain an income certification from the tenant. The Nonprofit shall verify the income certification of the tenant in one or more of the following methods:

- a. obtain two (2) paycheck stubs from the tenant's two (2) most recent pay periods, if any.
- b. obtain a true copy of an income tax return from the tenant for the most recent tax year in which a return was filed.
- c. obtain an income verification certification from the employer of the tenant.
- d. obtain an income verification certification from the Social Security Administration and/or the California Department of Social Services if the tenant receives assistance from such agencies.
- e. obtain a credit report from a commercial credit reporting agency.
- f. obtain an alternate form of income verification reasonably requested by the Nonprofit, if none of the above forms of verification is available to the Nonprofit.

A person or family who at the time of income certification qualified as a Very Low, or Lower Household, as applicable, shall continue to be deemed so qualified, until such time as the person or family's income is redetermined and the person or family is determined by the Nonprofit to no longer be so qualified, even if such person or family's income has subsequently increased to an amount above the applicable income level. Upon the Nonprofit's determination that the tenant is no longer qualified as either a Very Low or Lower Income Household, such tenant's monthly rent, instead of the amount set forth in Section 402.6 hereof, shall be adjusted to the lesser of thirty percent of the tenant's monthly income or fair market rent, as reasonably determined by the Agency and the Nonprofit. In addition, the Nonprofit shall annually submit to the Agency, prior to July 15 each year, a certification as to whether the Property is actually occupied by Very Low and Lower Income Households in such form as may be provided by the Agency.

**402.6 Determination of Affordable Rent.** The Property shall be rented at an "Affordable Rent" to be established by the Agency as provided herein. The maximum monthly rental amount for the Property shall be established by the Agency on an annual basis by written notice to the Nonprofit, upon publication of annual median income limits by the United States



Department of Housing and Urban Development and the California Department of Housing and Community Development.

a. When the Property is rented to Very Low Income Households, the rent shall be CRL Very Low Income Rent.

b. When the Property is rented to Lower Income Households, the rent shall be CRL Lower Income Rent.

For purposes of this Agreement, "Monthly Rent" means the total of monthly payments for (a) use and occupancy of the Property and land and facilities associated therewith, (b) any separately charged fees or service charges assessed by the Nonprofit which are required of all tenants, other than security deposits, (c) a reasonable allowance for an adequate level of service of utilities not included in (a) or (b) above, including garbage collection, sewer, water, electricity, gas and other heating, cooking and refrigeration fuels, but not including telephone service, and (d) possessory interest, taxes or other fees or charges assessed for use of the land and facilities associated therewith by a public or private entity other than Nonprofit.

c. The rent of the Property may be increased simultaneously, once per year, regardless of when particular tenants' occupancy commenced. The Agency may in its discretion base the utilities allowance on a utilities allowance adopted by the Burbank Housing Authority, established in connection with the Section 8 program administered by the United States Department of Housing and Urban Development, or other method acceptable to the Agency. Upon the approval of the Agency, rents may be established at amounts which are lower than the maximum monthly rental amounts set forth above.

**402.7 Occupancy Standards.** Occupancy of the Property shall be limited to two persons per bedroom plus one additional person. Thus, occupancy of this three bedroom Property shall be limited to seven persons.

**402.8 Rent Subsidy Fund.** Pursuant to Section 33334.2 of the California Health and Safety Code, the Agency will establish a Rent Subsidy Fund to assist tenants of the Property with incomes below the threshold for Very Low Income Households. This fund shall be effective for a period of five (5) years commencing on the Lease Commencement Date. The Agency Assistant Executive Director shall develop a program for administering the Rent Subsidy Fund.

**403. Maintenance Covenants.** The Nonprofit shall maintain or cause to be maintained the interior and exterior of the Property in a decent, safe and sanitary manner, in accordance with the HUD Housing Quality Standards and the maintenance standards required by Section 92.251 of the HOME Regulations, and the standard of maintenance of similar housing units within Los Angeles County, California. The Property shall not, at any time, be utilized on a transient basis nor shall the Property or any portion thereof ever be used as a hotel, motel, dormitory, fraternity or sorority house, rooming house, hospital, nursing home, sanitarium or rest home, or be converted to condominium ownership. If at any time Nonprofit fails to maintain the Property in accordance with this Agreement and such condition is not corrected within five days after written notice from the Agency with respect to graffiti, debris, waste material, and general maintenance, or thirty days after written notice from the Agency with respect to landscaping and building



improvements, then the Agency, in addition to whatever remedy it may have at law or at equity, shall have the right to enter upon the applicable portion of the Property and perform all acts and work necessary to protect, maintain, and preserve the Buildings and landscaped areas on the Property, and to attach a lien upon the Property, or to assess the Property, in the amount of the expenditures arising from such acts and work of protection, maintenance, and preservation by the Agency and/or costs of such cure, including a reasonable administrative charge, which amount shall be promptly paid by Nonprofit to the Agency upon demand.

**404. Management.** Nonprofit shall manage or cause the Property and the Improvements to be managed in a prudent and business-like manner, consistent with first-class multifamily rental housing in Los Angeles County, California, and in accordance with the operating budget for the Property which has been approved by the Agency. Nonprofit shall contract with a management company or manager to operate and maintain the Property in accordance with the terms of this Agreement (the "Property Manager"); provided, however, that the hiring and termination of the Property Manager shall be subject to approval by Agency Executive Director, or his or her designee. The fees payable to the Property Manager shall not exceed \$45 per unit, per month, except for reasonable and customary increases, which shall be subject to review and approval by the Agency Assistant Executive Director, or his or her designee. Nonprofit may not itself act as the Property Manager without prior written approval of the Agency Assistant Executive Director or his or her designee, nor may any of Nonprofit's directors or officers, or any entity with which they are affiliated, act as the Property Manager. Approval of the Property Manager by Agency shall not be unreasonably withheld. If, at any time, the Property Manager is not performing to the reasonable satisfaction of the Agency, the Agency may direct the Nonprofit to use its best efforts to correct any defects in management at the earliest feasible time and, if necessary, to replace the Property Manager prior to the elapsing of such time period. If the management defects identified by Agency have not been corrected within thirty (30) days after Agency's notice to Nonprofit, the Agency may in its sole discretion direct the Nonprofit to immediately terminate the Property Manager.

**405. Reserve Accounts and Other Project Accounts.** The Nonprofit shall also, or cause the Property Manager to, set aside not less than Three Hundred Dollars (\$300) per unit, per year, into a separate interest-bearing trust account (the "Capital Replacement Reserve"). The annual contribution to the Capital Replacement Reserve may increase in an amount equal to the Consumer Price Index for the Los Angeles-Riverside-Orange County survey area. The Capital Replacement Reserve shall be used for capital replacements to the Property fixtures and equipment which are normally capitalized under generally accepted accounting principles. The non-availability of funds in the Capital Replacement Reserve does not in any manner relieve the Nonprofit of the obligation to undertake necessary capital repairs and improvements and to continue to maintain the Project in the manner prescribed herein. Not less than once per year, Nonprofit, at its expense, shall submit to the City an accounting for the Capital Replacement Reserve. Capital repairs to and replacement of the Property shall include only those items with a long useful life, including without limitation the following: carpet and drape replacement; appliance replacement; exterior painting, including exterior trim; hot water heater replacement; plumbing fixtures replacement, including tubs and showers, toilets, lavatories, sinks, faucets; air conditioning and heating replacement; asphalt repair and replacement, and seal coating; roofing repair and replacement; landscape tree replacement and irrigation pipe and controls replacement; gas line pipe replacement; lighting fixture replacement; elevator replacement and upgrade work; miscellaneous motors and blowers; common area furniture replacement, and common area



repainting.

The Nonprofit shall set aside in a separate reserve account (the "Operating Reserve"), the sum of Two Hundred Dollars (\$200.00) per unit, per year. The Nonprofit shall retain such amount in the Operating Reserve to fund shortfalls between income and actual operating expenses.

The Nonprofit shall also set aside, on a monthly basis, in a separate account, funds sufficient to pay Nonprofit's Affordable Housing Agreements Expenses. On or before April 1<sup>st</sup> of each year following the date of this Agreement, Nonprofit shall submit a report detailing all costs and expenses chargeable against this Affordable Housing Agreements Expenses account. The Agency's Assistant Executive Director or his or her designee, shall review and approve Nonprofit's allocation of such costs and expenses and may, in his or her reasonable discretion, deny the eligibility of costs and expenses for reimbursement from the Affordable Housing Agreements Expense account.

**406. Monitoring and Recordkeeping.** Throughout the Affordability Period, Nonprofit shall comply with all applicable recordkeeping and monitoring requirements and shall annually complete and submit to City a Certification of Continuing Program Compliance in the form provided by the Agency. Representatives of the Agency shall be entitled to enter the Property, upon at least twenty-four (24) hours notice, to monitor compliance with this Agreement, to inspect the records of the Property with respect to housing affordability, and to conduct an independent audit or inspection of such records. The Nonprofit agrees to cooperate with the Agency in making the Property available for such inspection or audit. If for any reason the Agency is unable to obtain the Nonprofit's consent to such an inspection or audit, the Nonprofit understands and agrees that the Agency may obtain at Nonprofit's expense an administrative inspection warrant or other appropriate legal order to obtain access to and search the Property. Nonprofit agrees to maintain records in businesslike manner, and to maintain such records for the term of this Agreement.

**407. Nondiscrimination Covenants.** The Nonprofit covenants by and for itself and any successors in interest that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, nor shall the Nonprofit itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Property. The foregoing covenants shall run with the land.

The Nonprofit shall refrain from restricting the rental, sale or lease of the Property on the basis of race, color, religion, sex, marital status, ancestry or national origin of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

(a) **In deeds:** "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin or ancestry



in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the land herein conveyed. The foregoing covenants shall run with the land.”

(b) **In leases:** “The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

“That there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased.”

(c) **In contracts:** “There shall be no discrimination against or segregation of, any person, or group of persons on account of race, color, creed, religion, sex, marital status, national origin, or ancestry, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the transferee himself or herself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the premises.”

**408. Regulatory Agreement.** The requirements of this Agreement which are applicable after the Lease Commencement are set forth in the “Regulatory Agreement” which is attached hereto as Attachment No. 8 and incorporated herein by reference. The execution and recordation of the Regulatory Agreement as an encumbrance to the Property is a Condition to Lease Commencement, as set forth in Section 205 hereof.

## **500. DEFAULTS AND REMEDIES**

**501. Default Remedies.** Subject to the extensions of time set forth in Section 602 of this Agreement, failure by either party to perform any action or covenant required by this Agreement, the Lease, the Loan Agreement, or the Regulatory Agreement within the time periods provided herein following notice and failure to cure as described hereafter, constitutes a “Default” under this Agreement. A party claiming a Default shall give written notice of Default to the other party specifying the Default complained of. Except as otherwise expressly provided in this Agreement, the claimant shall not institute any proceeding against any other party, and the other party shall not be in Default if such party cures such failure within thirty (30) days from receipt of such notice, or if the nature of such Default is such that more than thirty (30) days is reasonable required to cure such deficiency, if such party immediately, with due diligence, commences to cure, correct or remedy such failure or delay and shall complete such cure,



correction or remedy with diligence.

**502. Institution of Legal Actions.** In addition to any other rights or remedies and subject to the restrictions otherwise set forth in this Agreement, either party may institute an action at law or equity to seek specific performance of the terms of this Agreement, or to cure, correct or remedy any Default, to recover damages for any Default, or to obtain any other remedy consistent with the purpose of this Agreement. Such actions shall be instituted in the Superior Court of State of California, Los Angeles County.

**503. Termination by the Nonprofit Prior to the Lease Commencement.** In the event that prior to the Lease Commencement the Nonprofit is not in default under this Agreement and (a) one or more of the Nonprofit's Conditions to Lease Commencement is not fulfilled on or before the time set forth in the Schedule of Performance, or (b) any default of the Agency prior to the Lease Commencement is not cured within the time set forth in Section 501 hereof, after written demand by the Nonprofit, or (d) the Nonprofit timely disapproves the environmental condition of the Property pursuant to Section 207 hereof, then this Agreement may, at the option of the Nonprofit, be terminated by written Notice thereof to the Agency. From the date of the written Notice of termination of this Agreement by the Nonprofit to the Agency and thereafter this Agreement shall be deemed terminated, and there shall be no further rights or obligations between the parties with respect to the Property by virtue of or with respect to this Agreement.

**504. Termination by the Agency Prior to the Lease Commencement.** In the event that prior to the Lease Commencement the Agency is not in Default under this Agreement and (a) one or more of the Agency's Conditions to Lease Commencement is not fulfilled on or before the time set forth in the Schedule of Performance; or (b) the Nonprofit is otherwise in default of this Agreement and fails to cure such default within the time set forth in Section 501 hereof; then this Agreement and any rights of the Nonprofit or any assignee or transferee with respect to or arising out of the Agreement or the Property, shall, at the option of the Agency, be terminated by the Agency by written Notice thereof to the Nonprofit. From the date of the written Notice of termination of this Agreement by the Agency to the Nonprofit and thereafter this Agreement shall be deemed terminated, and there shall be no further rights or obligations between the parties pursuant to this Agreement.

**505. Acceptance of Service of Process.** In the event that any legal action is commenced by the Nonprofit against the Agency, service of process on the Agency shall be made by personal service upon the Agency's Executive Director or in such other manner as may be provided by law. In the event that any legal action is commenced by the Agency against the Nonprofit, service of process on the Nonprofit shall be made by personal service in such manner as may be provided by law.

**506. Rights and Remedies Are Cumulative.** Except as otherwise expressly stated in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other party.

**507. Inaction Not a Waiver of Default.** Any failures or delays by either party in

asserting any of its rights and remedies as to any Default shall not operate as a waiver of any Default or of any such rights or remedies, or deprive either such party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

**508. Applicable Law.** The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

**509. Non-Liability of Officials and Employees of the Agency.** No member, official or employee of the Agency or the City shall be personally liable to the Nonprofit, or any successor in interest, in the event of any Default or breach by the Agency (or the City) or for any amount which may become due to the Nonprofit or its successors, or on any obligations under the terms of this Agreement.

**510. Attorneys' Fees.** In any action between the parties to interpret, enforce, reform, modify, rescind, or otherwise in connection with any of the terms or provisions of this Agreement, the prevailing party in the action shall be entitled, in addition to damages, injunctive relief, or any other relief to which it might be entitled, reasonable costs and expenses including, without limitation, litigation costs and reasonable attorneys' fees.

## **600. GENERAL PROVISIONS**

**601. Notices, Demands and Communications Between the Parties.** Any approval, disapproval, demand, document or other notice ("Notice") which either party may desire to give to the other party under this Agreement must be in writing and may be given by first class mail, postage prepaid, or reputable overnight delivery service, addressed to the party to whom the Notice is directed as set forth below, or at any other address as that party may later designate by Notice.

To Agency:                      Redevelopment Agency of the City of Burbank  
   275 East Olive Avenue  
   P.O. Box 6459  
   Burbank, California 91519-6459  
   Attention: Executive Director

To Nonprofit:                      Burbank Housing Corporation  
   241 West Verdugo Avenue  
   Burbank, California 91502  
   Attention: Judith S. Arandes, Executive Director

Any written notice, demand or communication shall be deemed received immediately if delivered by hand and shall be deemed received on the third day from the date it is postmarked if delivered by registered or certified mail.

**602. Enforced Delay; Extension of Times of Performance.** In addition to specific provisions of this Agreement, performance by either party hereunder shall not be deemed to be in Default, and all performance and other dates specified in this Agreement shall be extended, where delays or Defaults are due to events which are outside of the reasonable control of the party claiming an extension, which may include, without limitation: war; insurrection; strikes;



lockouts; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; litigation; unusually severe weather; inability to secure necessary labor, materials or tools; delays of any contractor, subcontractor or supplier; acts or omissions of the other party; acts or failures to act of the City or any other public or governmental agency or entity (other than the acts or failures to act of the Agency which shall not excuse performance by the Agency); or any other causes beyond the control or without the fault of the party claiming an extension of time to perform. Notwithstanding anything to the contrary in this Agreement, an extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the party claiming such extension is sent to the other party within thirty (30) days of the commencement of the cause. Times of performance under this Agreement may also be extended in writing by the mutual agreement of Agency and Nonprofit.

### **603. Transfers of Interest in Property or Agreement.**

**603.1 Prohibition.** The qualifications and identity of the Nonprofit are of particular concern to the Agency. It is because of those qualifications and identity that the Agency has entered into this Agreement with the Nonprofit. Accordingly, for the period commencing upon the date of this Agreement and throughout the Affordability Period, no voluntary or involuntary successor in interest of the Nonprofit shall acquire any rights or powers under this Agreement, (b) nor shall the Nonprofit make any total or partial sale, transfer, conveyance, assignment, subdivision, refinancing or lease of the whole or any part of the Property (collectively referred to herein as a "Transfer"), without the prior written approval of the Agency, except as expressly set forth herein.

**603.2 Permitted Transfers.** Notwithstanding any other provision of this Agreement to the contrary, Agency approval of a Transfer shall not be required in connection with any of the following:

(a) The conveyance or dedication of any portion of the Property to the City or other appropriate governmental agency.

(b) Any lease of the Property to individual tenants in the ordinary course of business.

**603.3 Agency Consideration of Requested Transfer.** The Agency will not unreasonably withhold approval of a request for approval of a Transfer made pursuant to this Section 603, provided the Nonprofit delivers written notice to the Agency requesting such approval. Such notice shall be accompanied by evidence regarding the proposed transferee's qualifications and experience, and its financial commitments and resources, in sufficient detail to enable the Agency to evaluate the proposed assignee or purchaser pursuant to the criteria set forth in this Section 603 and as reasonably determined by the Agency. Notwithstanding the foregoing, the Agency may, in considering any such request, take into consideration such factors as (i) the quality of any new and/or replacement owner, (ii) the transferee's past performance as owner and operator of affordable housing properties, (iii) the current financial condition of the transferee, (iv) the transferee's past experience and performance working with cities, redevelopment agencies, and/or housing authorities, (v) and similar factors. The Agency agrees



not to unreasonably withhold its approval of any such requested Transfer, taking into consideration the foregoing factors.

An assignment and assumption agreement in form satisfactory to the Agency's legal counsel shall also be required for all proposed Transfers. Within thirty (30) days after the receipt of the Nonprofit's written notice requesting Agency approval of a Transfer pursuant to this Section 603, the Agency shall either approve or disapprove such proposed assignment or shall respond in writing by stating what further information, if any, the Agency reasonably requires in order to determine the request complete and determine whether or not to grant the requested approval. Upon receipt of such a response, the Nonprofit shall promptly furnish to the Agency such further information as may be reasonably requested.

**603.4 Successors and Assigns.** All of the terms, covenants and conditions of this Agreement shall be binding upon the Nonprofit and its permitted successors and assigns. Whenever the term "Nonprofit" is used in this Agreement, such term shall include any other permitted successors and assigns as herein provided.

**603.5 Assignment by Agency.** The Agency may assign or transfer any of its rights or obligations under this Agreement with the approval of the Nonprofit, which approval shall not be unreasonably withheld; provided, however, that the Agency may assign or transfer any of its interests hereunder to the City at any time without the consent of the Nonprofit.

**604. Relationship Between Agency and Nonprofit.** It is hereby acknowledged that the relationship between the Agency and the Nonprofit is not that of a partnership or joint venture and that the Agency and the Nonprofit shall not be deemed or construed for any purpose to be the agent of the other. Accordingly, except as expressly provided herein or in the Attachments hereto, the Agency shall have no rights, powers, duties or obligations with respect to the development, operation, maintenance or management of the Improvements.

**605. Agency Approvals and Actions.** The Agency shall maintain authority of this Agreement and the authority to implement this Agreement through the Agency's Executive Director (or his or her duly authorized representative). The Agency's Executive Director shall have the authority to make approvals, issue interpretations, execute documents, waive provisions, extend time periods, and/or enter into amendments of this Agreement on behalf of the Agency so long as such actions do not materially or substantially change the uses permitted on the Property, or add to the costs incurred or to be incurred by the Agency as specified herein. All other material and/or substantive interpretations, waivers, or amendments shall require the consideration, action and written consent of the Agency Board.

**606. Counterparts.** This Agreement may be signed in multiple counterparts which, when signed by all parties, shall constitute a binding agreement. This Agreement is executed in three (3) originals, each of which is deemed to be an original.

**607. Integration.** This Agreement contains the entire understanding between the parties relating to the transaction contemplated by this Agreement, notwithstanding any previous negotiations or agreements between the parties or their predecessors in interest with respect to all or any part of the subject matter hereof. All prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged in this Agreement



and shall be of no further force or effect; provided, however, the term of the Lease shall remain in effect until the first to occur of the Lease Commencement or the termination of this Agreement. Each party is entering this Agreement based solely upon the representations set forth herein and upon each party's own independent investigation of any and all facts such party deems material. This Agreement includes Attachment Nos. 1 through 7, which are incorporated herein.

**608. Real Estate Brokerage Commission.** Each of the Agency and the Nonprofit represents to the other party that it has not engaged the services of any finder or broker and that it is not liable for any real estate commissions, broker's fees, or finder's fees which may accrue by means of the acquisition of all or part of the Property, and agrees to hold harmless the other party from such commissions or fees as are alleged to be due from the party making such representations.

**609. Titles and Captions.** Titles and captions are for convenience of reference only and do not define, describe or limit the scope or the intent of this Agreement or of any of its terms. Reference to section numbers are to sections in this Agreement, unless expressly stated otherwise.

**610. Interpretation.** As used in this Agreement, masculine, feminine or neuter gender and the singular or plural number shall each be deemed to include the others where and when the context so dictates. The word "including" shall be construed as if followed by the words "without limitation." This Agreement shall be interpreted as though prepared jointly by both parties.

**611. No Waiver.** A waiver by either party of a breach of any of the covenants, conditions or agreements under this Agreement to be performed by the other party shall not be construed as a waiver of any succeeding breach of the same or other covenants, agreements, restrictions or conditions of this Agreement.

**612. Modifications.** Any alteration, change or modification of or to this Agreement, in order to become effective, shall be made in writing and in each instance signed on behalf of each party.

**613. Severability.** If any term, provision, condition or covenant of this Agreement or its application to any party or circumstances shall be held, to any extent, invalid or unenforceable, the remainder of this Agreement, or the application of the term, provision, condition or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected, and shall be valid and enforceable to the fullest extent permitted by law.

**614. Computation of Time.** The time in which any act is to be done under this Agreement is computed by excluding the first day (such as the day escrow opens), and including the last day, unless the last day is a holiday or Saturday or Sunday, and then that day is also excluded. The term "holiday" shall mean all holidays as specified in Section 6700 and 6701 of the California Government Code. If any act is to be done by a particular time during a day, that time shall be Pacific Time Zone time.

**615. Legal Advice.** Each party represents and warrants to the other the following: they have carefully read this Agreement, and in signing this Agreement, they do so with full knowledge of any right which they may have; they have received independent legal advice from their respective legal counsel as to the matters set forth in this Agreement, or have knowingly chosen not to consult legal counsel as to the matters set forth in this Agreement; and, they have freely signed this Agreement without any reliance upon any agreement, promise, statement or representation by or on behalf of the other party, or their respective agents, employees, or attorneys, except as specifically set forth in this Agreement, and without duress or coercion, whether economic or otherwise.

**616. Time of Essence.** Time is expressly made of the essence with respect to the performance by the Agency and the Nonprofit of each and every obligation and condition of this Agreement.

**617. Cooperation.** Each party agrees to cooperate with the other in this transaction and, in that regard, to sign any and all documents which may be reasonably necessary, helpful, or appropriate to carry out the purposes and intent of this Agreement including, but not limited to, releases or additional agreements.

**618. Conflicts of Interest.** No member, official or employee of the Agency shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official or employee participate in any decision relating to the Agreement which affects his personal interests or the interests of any corporation, partnership or association in which he is directly or indirectly interested.

**619. Time for Acceptance of Agreement by Agency.** This Agreement, when executed by the Nonprofit and delivered to the Agency, must be authorized, executed and delivered by the Agency on or before thirty (30) days after signing and delivery of this Agreement by the Nonprofit or this Agreement shall be void, except to the extent that the Nonprofit shall consent in writing to a further extension of time for the authorization, execution and delivery of this Agreement.

**IN WITNESS WHEREOF,** the Agency and the Nonprofit have executed this Purchase and Sale Agreement as of the date set forth above.

**AGENCY:**

**REDEVELOPMENT AGENCY OF THE CITY OF BURBANK**, a public body, corporate and politic

By: \_\_\_\_\_


Mary J. Alyord, Executive Director



ATTEST:

  
Margarita Campos, Agency Secretary

Approved as to Form and Legal Content  
Dennis A. Barlow, City Attorney, Agency Counsel

  
By: Joseph H. McDougall  
Assistant City Attorney

**NONPROFIT:**

**BURBANK HOUSING CORPORATION, a**  
California nonprofit corporation

By: 

By: \_\_\_\_\_

**ATTACHMENT NO. 1**

**MAP**

[TO BE INSERTED]



[illegible]

**ATTACHMENT NO. 2**  
**LEGAL DESCRIPTION**

[TO BE INSERTED]



**LEGAL DESCRIPTION**  
427 West Valencia Avenue

Lot 10, Tract No. 5370, Map Book 121, Pages 60-61, County of Los Angeles

**ATTACHMENT NO. 3**

**LEASE**

[TO BE INSERTED]



## ATTACHMENT NO. 4

### SCOPE OF REHABILITATION

The Scope of Work will consist of rehabilitation of buildings and grounds located at 427 West Valencia Avenue in the City of Burbank. The rehabilitation work will bring the property into conformance with uniform codes and municipal standards designed to protect the public welfare and safety. The work will include, but not be limited to the following:

- |                    |  |
|--------------------|--|
| Building Interior: | Repairs and remodeling of bathrooms, kitchen, bedrooms, living room and halls. Upgrade of plumbing and electrical systems. |
| Building Exterior: | Repair or replacement of walls, roofs, doors and windows.  |
| Hazard Control:    | Remediation of lead-based paint and asbestos are required.   |

**ATTACHMENT NO. 5**

**SCHEDULE OF PERFORMANCE**

<b>DESCRIPTION</b>	<b>TIMING</b>
1. Relocation of Tenants	Within 1 year following the Lease Commencement Date
2. Rehabilitation of Property and Improvements	Within 120 days following completion of Tenant Relocation
3. Issuance of "Release of Construction Covenants"	Upon completion of rehabilitation



**ATTACHMENT NO. 6**

RECORDING REQUESTED BY )  
AND WHEN RECORDED MAIL TO: )  
 )  
Burbank Housing Corporation )  
241 W. Verdugo Avenue )  
Burbank, CA 91502 )  
Attn: Executive Director )

---

This document is exempt from the payment of a recording fee  
pursuant to Government Code Section 27383.

**RELEASE OF CONSTRUCTION COVENANTS (Partial or Final)**

**THIS RELEASE OF CONSTRUCTION COVENANTS** (the "Release") is made by the **REDEVELOPMENT AGENCY OF THE CITY OF BURBANK**, a public body, corporate and politic (the "Agency"), in favor of Burbank Housing Corporation, a California nonprofit corporation (the "Developer"), as of \_\_\_\_\_, 200\_.

***RECITALS***

**A.** The Agency and the Developer have entered into that certain Disposition and Development Agreement (the "DDA") dated \_\_\_\_\_, 200\_, concerning the redevelopment of certain real property situated in the City of Burbank, California as more fully described in Exhibit "A" attached hereto and made a part hereof.

**B.** As referenced in Section 310 of the DDA, the Agency is required to furnish the Developer or its successors with a Release of Construction Covenants upon completion of the Rehabilitation (as defined in Article 100 of the DDA), which Release of Construction Covenants is required to be in such form as to permit it to be recorded in the Recorder's office of Los Angeles County. This Release of Construction Covenants is conclusive determination of satisfactory completion of the Rehabilitation required by the DDA.

**C.** The Agency has conclusively determined that such Rehabilitation has been satisfactorily completed.

**NOW, THEREFORE**, the Agency hereby certifies as follows:

**1.** The Rehabilitation [or a portion of the Rehabilitation] to be constructed by the Developer has been fully and satisfactorily completed in conformance with the DDA. The Regulatory Agreement and other documents executed and recorded pursuant to the DDA shall remain in effect and enforceable according to their terms.

**2.** This Release of Construction Covenants shall not constitute evidence of compliance with or satisfaction of any obligation of Developer to any holder of a mortgage, or any insurer of a

mortgage, securing money loaned to finance construction work on the Property, or any part thereof. Nothing contained herein shall modify in any way any other provision of said Agreement.

3. This Release of Construction Covenants is not a Notice of Completion as referred to in California Civil Code Section 3093.

**IN WITNESS WHEREOF**, the Agency has executed this Release of Construction Covenants as of the date set forth above.

**REDEVELOPMENT AGENCY OF THE CITY  
OF BURBANK**, a public body, corporate and politic

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**ATTEST:**

\_\_\_\_\_  
Agency Secretary

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Agency Counsel

CONSENT TO RECORDATION

Burbank Housing Corporation, owner of a leasehold interest in the real property legally described herein hereby consents to the recordation of this Release of Construction Covenants against said real property.

**Burbank Housing Corporation**, a California  
nonprofit corporation

By: \_\_\_\_\_

By: \_\_\_\_\_



**EXHIBIT "A"**  
**SITE DESCRIPTION**  
**[TO BE ATTACHED]**

STATE OF CALIFORNIA

)  
) ss.  
)

COUNTY OF \_\_\_\_\_

On \_\_\_\_\_, before me, \_\_\_\_\_, Notary Public,  
(Print Name of Notary Public)

personally appeared \_\_\_\_\_,

☐

personally known to me

-or-

☐

proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

\_\_\_\_\_  
Signature Of Notary

### OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

#### CAPACITY CLAIMED BY SIGNER

- ☐ Individual  
☐ Corporate Officer

\_\_\_\_\_  
Title(s)

- ☐ Partner(s) ☐ Limited  
☐ Attorney-In-Fact ☐ General  
☐ Trustee(s)  
☐ Guardian/Conservator  
☐ Other: \_\_\_\_\_

Signer is representing:  
Name Of Person(s) Or Entity(ies)  
\_\_\_\_\_  
\_\_\_\_\_

#### DESCRIPTION OF ATTACHED DOCUMENT

\_\_\_\_\_  
Title Or Type Of Document

\_\_\_\_\_  
Number Of Pages

\_\_\_\_\_  
Date Of Document

\_\_\_\_\_  
Signer(s) Other Than Named Above



**ATTACHMENT NO. 7**

**LOAN AGREEMENT**

[ATTACHED]

STATE OF CALIFORNIA )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, before me, \_\_\_\_\_, Notary Public,  
(Print Name of Notary Public)

personally appeared \_\_\_\_\_,

- ☐ personally known to me  
-or-  
☐ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

\_\_\_\_\_  
Signature Of Notary

### OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

#### CAPACITY CLAIMED BY SIGNER

- ☐ Individual  
☐ Corporate Officer

\_\_\_\_\_  
Title(s)

- ☐ Partner(s) ☐ Limited  
☐ Attorney-In-Fact ☐ General  
☐ Trustee(s)  
☐ Guardian/Conservator  
☐ Other: \_\_\_\_\_

Signer is representing:  
Name Of Person(s) Or Entity(ies)  
\_\_\_\_\_  
\_\_\_\_\_

#### DESCRIPTION OF ATTACHED DOCUMENT

\_\_\_\_\_  
Title Or Type Of Document

\_\_\_\_\_  
Number Of Pages

\_\_\_\_\_  
Date Of Document

\_\_\_\_\_  
Signer(s) Other Than Named Above



ATTACHMENT NO. 8

RECORDING REQUESTED BY:  
AND WHEN RECORDED MAIL TO:

Redevelopment Agency of the City of Burbank  
275 East Olive Avenue  
P.O. Box 6459  
Burbank, California 91510-6459  
Attention: Assistant Executive Director

This document is exempt from the payment of a recording fee pursuant to Government Code Section 27383.

REGULATORY AGREEMENT

**THIS REGULATORY AGREEMENT** (the "Agreement") is entered into as of \_\_\_\_\_, 2006, by and between the **REDEVELOPMENT AGENCY OF THE CITY OF BURBANK**, a public body, corporate and politic (the "Agency"), and **BURBANK HOUSING CORPORATION**, a California nonprofit corporation (the "Nonprofit").

**RECITALS**

A. Pursuant to the terms of a Disposition and Development Agreement between the Agency and the Nonprofit, dated as of \_\_\_\_\_, 2006 (the "DDA"), the Nonprofit has leased real property comprising of land and a building in the City of Burbank, located at 427 West Valencia Avenue (collectively, the "Property"). The Property is further described in the Legal Description which is attached hereto as Exhibit A, and depicted in the Map which is attached hereto as Exhibit B, which are both incorporated herein.

B. Pursuant to the DDA, the Nonprofit has agreed to rehabilitate the Property. The Nonprofit has further agreed to lease the Property at an Affordable Rent to Very Low and Lower Income Households.

C. The execution and recording of this Agreement is a requirement of the DDA.

**NOW, THEREFORE**, the parties hereto agree as follows:

**100. DEFINITIONS**

**"Affordable Housing Agreements Expenses"** shall mean the reasonable and necessary operating expenses of the Nonprofit, attributable to the rental and operation of the Buildings, or

Attachment No. 8-1

with respect to the rental or operation of any real property owned by Nonprofit which is the subject of an affordable housing agreement between Nonprofit and either the Agency or the City. Affordable Housing Agreements Expenses shall include without limitation the cost of salaries, wages and other compensation of the employees of the Nonprofit, employee education, training and travel, rent, taxes, property, liability, automobile and directors' and officers' insurance, utilities, copying, postage and other communications costs, equipment, materials and supplies attributable to the operation of the Buildings or other Nonprofit properties subject to affordable housing agreements, or other properties owned by Nonprofit that provide services or amenities to properties subject to affordable housing agreements. As used herein, "affordable housing agreement" means any agreement between or among Nonprofit and City, Agency, and/or Housing Authority, in which Nonprofit agreed to long-term affordability covenants in accordance with either federal, state, or local affordable housing laws and/or regulations.

**"Affordable Rent"** shall have the meaning set forth in Health and Safety Code Section 50053 and in Section 402.5 hereof.

**"Affordability Period"** shall mean the duration of the affordable housing requirements which are set forth in this Agreement and the Regulatory Agreement, as set forth in Section 402.2 hereof.

**"Agency"** means the Redevelopment Agency of the City of Burbank, a public body, corporate and politic, exercising governmental functions and powers and organized and existing under Chapter 2 of the Community Redevelopment Law and any assignee of or successor to its rights, powers and responsibilities.

**"Agreement"** means this Regulatory Agreement between the Agency and the Nonprofit.

**"Buildings"** means buildings located on the Property and remaining after the Rehabilitation pursuant to the DDA.

**"Capital Replacement Reserve"** is defined in Section 405 hereof.

**"City"** means the City of Burbank, a California municipal corporation.

**"Community Redevelopment Law"** means California Health and Safety Code Section 33000, *et seq.* as the same now exist or may hereinafter be amended.

**"CRL Lower Income Rent"** shall have the meaning ascribed to it under Health and Safety Code Section 50053(b)(3), as it may amended. As of the Date of Agreement, CRL Lower Income Rent is defined as the product of 30 percent times 60 percent of the area median income adjusted for family size appropriate for that unit. For those lower income households with gross incomes that exceed 60 percent of the area median income adjusted for family size, CRL Lower Income Rent shall be defined as thirty percent of gross income of the household.

**"CRL Very Low Income Rent"** shall have the meaning ascribed to it under Health and Safety Code Section 50053(b)(2). As of the Date of Agreement, CRL Very Low Income Rent is defined as the product of 30 percent times 50 percent of the area median income adjusted for family size appropriate for that unit.



***“County”*** means Los Angeles County.

***“Date of Agreement”*** means the date set forth in the first paragraph hereof.

***“DDA”*** means the Disposition and Development Agreement by and between the Agency and Nonprofit.

***“Default”*** means the failure of a party to perform any action or covenant required by this Agreement within the time periods provided herein following notice and opportunity to cure, as set forth in Section 501 hereof.

***“Governmental Requirements”*** means all laws, ordinances, statutes, codes, rules, regulations, orders and decrees of the United States, the State, the County, the City, or any other political subdivision in which the Property is located, and of any other political subdivision, agency or instrumentality exercising jurisdiction over the Agency, the Nonprofit or the Property.

***“Hazardous Materials”*** means any substance, material, or waste which is or becomes, regulated by any local governmental authority, the State, or the United States Government, including, but not limited to, any material or substance which is (i) defined as a “hazardous waste,” “extremely hazardous waste,” or “restricted hazardous waste” under Section 25115, 25117 or 25122.7, or listed pursuant to Section 25140 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law)), (ii) defined as a “hazardous substance” under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act), (iii) defined as a “hazardous material,” “hazardous substance,” or “hazardous waste” under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory), (iv) defined as a “hazardous substance” under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances), (v) petroleum, (vi) friable asbestos, (vii) polychlorinated byphenyls, (viii) methyl tertiary butyl ether, (ix) listed under Article 9 or defined as “hazardous” or “extremely hazardous” pursuant to Article 11 of Title 22 of the California Code of Regulations, Division 4, Chapter 20, (x) designated as “hazardous substances” pursuant to Section 311 of the Clean Water Act (33 U.S.C. §1317), (xi) defined as a “hazardous waste” pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. §§6901, *et seq.* (42 U.S.C. §6903) or (xii) defined as “hazardous substances” pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. §§9601, *et seq.*

***“Lease”*** means the lease of the Property from the Agency to the Nonprofit in the form of Attachment No. 3 to the DDA.

***“Lease Commencement”*** means the commencement of the Lease, as set forth in Section 204 of the DDA.

***“Legal Description”*** means the description of the Property which is attached hereto as Exhibit A and incorporated herein.

***“Lower Income Household”*** shall mean a household earning not greater than the applicable portion of Los Angeles County median income (generally 80%) which is set forth

from time to time by regulation of the California Department of Housing and Community Development, pursuant to Health and Safety Code Section 50079.5.

**"Map"** means the map of the Property which is attached hereto as Exhibit B and incorporated herein.

**"Nonprofit"** means Burbank Housing Corporation, a California nonprofit corporation, and its successors and assigns.

**"Notice"** shall mean a notice in the form prescribed by Section 601 hereof.

**"Operating Reserve"** is defined in Section 405 hereof.

**"Property"** means that certain real property located at 427 West Valencia Avenue, Burbank, California. The Property is legally described in the Legal Description and depicted on the Map.

**"Rent"** shall mean the total of monthly payments by the tenants of the Property for use and occupancy and facilities associated therewith, including a reasonable allowance for utilities for an adequate level of service, as defined in 25 California Code of Regulations § 6918.

**"State"** means the State of California.

**"Transfer"** is defined in Section 603.1 hereof.

**"Very Low Income Household"** shall mean a household earning not greater than fifty percent (50%) of Los Angeles County median income which is set forth from time to time by regulation of the United States Department of Housing and Urban Development.

## **200. CONDITION OF THE PROPERTY**

**201. Disclosure.** Housing built before 1978 may contain lead-based paint. Lead from paint, paint chips and dust can pose health hazards if not taken care of properly. Lead exposure is especially harmful to young children and pregnant women. Landlords must, before renting pre-1978 housing, disclose the presence of known lead-based paint and lead-based paint hazards in the dwelling. Tenants must also receive a Federally approved pamphlet on lead poisoning prevention. The Agency has made available to the Nonprofit all of the reports and records which it has commissioned pertaining to lead-based paint and/or lead-based paint hazards on the Property, and Nonprofit acknowledges receipt thereof. However, the Agency believes that the building were constructed prior to 1978, and, therefore, contains lead-based paint. Nonprofit shall provide to its tenants all disclosures required by applicable law with respect to lead paint and asbestos exposure.

## **300. OPERATION OF THE PROPERTY**

**301. Insurance Requirements.** The Nonprofit shall take out and maintain or shall cause its property manager to take out and maintain during the Affordability Period a comprehensive general liability policy in the amount of not less than Two Million Dollars



(\$2,000,000) combined single limit policy, and a comprehensive automobile liability policy with limits of not less than One Hundred Thousand Dollars (\$100,000) per person and Three Hundred Thousand Dollars (\$300,000) per accident for bodily injury and not less than Twenty-Five Thousand Dollars (\$25,000) per accident for property damage. Nonprofit shall maintain insurance in the amount of Two Million Dollars (\$2,000,000) against damages sustained by reason of any action, claim or demand made by reason of breach or claim for breach of contract, or by reason of any contractual liability or alleged contractual liability on any contract entered into by the Nonprofit or its contractors, subcontractors, agents or employees with respect to the Property. All policies shall protect the Nonprofit, City and Agency from claims for such damages, and be issued by an insurance carrier qualified to do business in the State of California, which carrier is reasonably satisfactory to the Agency. Such policy or policies shall be written on an occurrence form. The Nonprofit shall also furnish or cause to be furnished to the Agency evidence satisfactory to the Agency that Nonprofit and any contractor with whom it has contracted for the performance of work on the Property or otherwise pursuant to this Agreement carries workers' compensation insurance as required by law. The Nonprofit shall furnish a certificate of insurance countersigned by an authorized agent of the insurance carrier on a form approved by the Agency setting forth the general provisions of the insurance coverage. This countersigned certificate shall name the City and the Agency and their respective officers, agents, and employees as additionally insured parties under the policy, and the certificate shall be accompanied by a duly executed endorsement evidencing such additional insured status, which shall be provided as a separate endorsement attached to the certificate. The certificate and separate endorsement by the insurance carrier shall contain a statement of obligation on the part of the carrier to notify City and the Agency of any material change, cancellation or termination of the coverage at least thirty (30) days in advance of the effective date of any such material change, cancellation or termination. Coverage provided hereunder by the Nonprofit shall be primary insurance and not be contributing with any insurance maintained by the Agency or City, and the policy shall contain such an endorsement. The insurance policy or the endorsement shall contain a waiver of subrogation for the benefit of the City and the Agency. The required certificate shall be furnished by the Nonprofit at the time set forth therefor in the Schedule of Performance. Nonprofit shall also take out and maintain from the date of the Lease Commencement until the end of the Affordability Period a policy of property damage insurance, with the policy amount in the full replacement value of the Property.

**302. Indemnity.** The Nonprofit shall defend, indemnify, assume all responsibility for, and hold the Agency and the City, and their representatives, volunteers, officers, employees and agents, harmless from all claims, demands, damages, defense costs or liability of any kind or nature relating to the subject matter of this Agreement or the implementation thereof and for any damages to property or injuries to persons, including accidental death (including attorneys fees and costs), which may be caused by any acts or omissions of the Nonprofit under this Agreement, whether such activities or performance thereof be by the Nonprofit or by anyone directly or indirectly employed or contracted with by the Nonprofit and whether such damage shall accrue or be discovered before or after termination of this Agreement. The Nonprofit shall not be liable for property damage or bodily injury to the extent occasioned by the willful misconduct or sole negligence of the Agency or its agents or employees.

**303. Rights of Access.** Representatives of the Agency shall have the right to inspect the Property so long as Agency representatives comply with all safety rules.



**304. Compliance With Laws.** The Nonprofit shall carry out the operation of the Property in conformity with all applicable laws, including all applicable City zoning and development standards, building, plumbing, mechanical and electrical codes, and all other provisions of the City's Municipal Code.

**305. Financing of the Property and/or Rehabilitation.** The Nonprofit shall not enter into any conveyance for financing except as authorized by the DDA.

#### **400. COVENANTS AND RESTRICTIONS**

**401. Use in Accordance with Agreement.** The Nonprofit covenants and agrees for itself, its successors, assigns, and every successor in interest to the Property or any part thereof, that upon the Lease Commencement and during the Affordability Period, the Nonprofit shall devote the Property to the uses specified in the DDA, this Agreement, and Lease for the periods of time specified therein. All uses conducted on the Property, including, without limitation, all activities undertaken by the Nonprofit pursuant to this Agreement, shall conform to all applicable provisions of the City Municipal Code.

#### **402. Affordable Housing Requirements.**

**402.1** The Nonprofit agrees to make available, restrict occupancy to, and the Property to Very Low Income Households and Lower Income Households all at an Affordable Rent.

**402.2 Lease Requirements.** Prior to rental of the Property to new tenants, Nonprofit shall submit a standard lease form to the Agency for Agency's approval. Each such lease shall contain a waiver of relocation rights and benefits in a form which is reasonably acceptable to the Agency. The Agency shall approve such lease form upon finding that such lease form is consistent with the Lease. The Nonprofit shall enter into a lease, in the form approved by the Agency, with each new tenant of the Property.

**402.3 Duration of Affordability Requirements.** The Buildings shall be subject to the requirements of this Section 402 in perpetuity commencing upon the Lease Commencement Date. For purposes of this Section 402.3, "in perpetuity" means the useful life of the Property with the land use controls imposed, but not less than fifty-five (55) years. The duration of this requirement shall be known as the "Affordability Period."

**402.4 Selection of Tenants.** The Property shall be leased to tenants selected by the Nonprofit who meet all of the requirements of a tenant selection system adopted by Nonprofit which shall be approved by the Agency in its reasonable discretion.

**402.5 Income of Tenants.** Prior to the rental or lease of the Property to a tenant, and annually thereafter, the Nonprofit shall obtain an income certification from the tenant. The Nonprofit shall verify the income certification of the tenant in one or more of the following methods:



- a. obtain two (2) paycheck stubs from the tenant's two (2) most recent pay periods, if any.
- b. obtain a true copy of an income tax return from the tenant for the most recent tax year in which a return was filed.
- c. obtain an income verification certification from the employer of the tenant.
- d. obtain an income verification certification from the Social Security Administration and/or the California Department of Social Services if the tenant receives assistance from such agencies.
- e. obtain a credit report from a commercial credit reporting agency.
- f. obtain an alternate form of income verification reasonably requested by the Nonprofit, if none of the above forms of verification is available to the Nonprofit.

A person or family who at the time of income certification qualified as a Very Low, or Lower Household, as applicable, shall continue to be deemed so qualified, until such time as the person or family's income is redetermined and the person or family is determined by the Nonprofit to no longer be so qualified, even if such person or family's income has subsequently increased to an amount above the applicable income level. Upon the Nonprofit's determination that the tenant is no longer qualified as either a Very Low or Lower Income Household, such tenant's monthly rent, instead of the amount set forth in Section 402.6 hereof, shall be adjusted to the lesser of thirty percent of the tenant's monthly income or fair market rent, as reasonably determined by the Agency and the Nonprofit. In addition, the Nonprofit shall annually submit to the Agency, prior to July 15 each year, a certification as to whether the Property was actually occupied by Very Low and Lower Income Households in such form as may be provided by the Agency.

**402.6 Determination of Affordable Rent.** The Property shall be rented at an "Affordable Rent" to be established by the Agency as provided herein. The maximum monthly rental amount shall be established by the Agency on an annual basis by written notice to the Nonprofit, upon publication of annual median income limits by the United States Department of Housing and Urban Development and the California Department of Housing and Community Development.

- a. When the Property is rented to Very Low Income Households, the rent shall be CRL Very Low Income Rent.
- b. When the Property is rented to Lower Income Households, the rent shall be CRL Lower Income Rent.

For purposes of this Agreement, "Monthly Rent" means the total of monthly payments for (a) use and occupancy of the Property and land and facilities associated therewith, (b) any separately charged fees or service charges assessed by the Nonprofit which are required of all tenants, other than security deposits, (c) a reasonable allowance for an adequate level of service

of utilities not included in (a) or (b) above, including garbage collection, sewer, water, electricity, gas and other heating, cooking and refrigeration fuels, but not including telephone service, and (d) possessory interest, taxes or other fees or charges assessed for use of the land and facilities associated therewith by a public or private entity other than Nonprofit.

c. The rents may be increased simultaneously, once per year, regardless of when particular tenants' occupancy commenced. The Agency may in its discretion base the utilities allowance on a utilities allowance adopted by the Burbank Housing Authority, or established in connection with the Section 8 program administered by the United States Department of Housing and Urban Development. Upon the approval of the Agency, rents may be established at amounts which are lower than the maximum monthly rental amounts set forth above.

**402.7 Occupancy Standards.** Occupancy of the Property shall be limited to two persons per bedroom plus one additional person. Thus, occupancy of this three bedroom Property shall be limited to seven persons.

**403. Maintenance Covenants.** The Nonprofit shall maintain or cause to be maintained the interior and exterior of the Property in a decent, safe and sanitary manner, in accordance with the HUD Housing Quality Standards and the maintenance standards required by Section 92.251 of the HOME Regulations, and the standard of maintenance of similar housing units within Los Angeles County, California. The Property shall not, at any time, be utilized on a transient basis nor shall the Property or any portion thereof ever be used as a hotel, motel, dormitory, fraternity or sorority house, rooming house, hospital, nursing home, sanitarium or rest home, or be converted to condominium ownership. If at any time Nonprofit fails to maintain the Property in accordance with this Agreement and such condition is not corrected within five days after written notice from the Agency with respect to graffiti, debris, waste material, and general maintenance, or thirty days after written notice from the Agency with respect to landscaping and building improvements, then the Agency, in addition to whatever remedy it may have at law or at equity, shall have the right to enter upon the applicable portion of the Property and perform all acts and work necessary to protect, maintain, and preserve the Buildings and landscaped areas on the Property, and to attach a lien upon the Property, or to assess the Property, in the amount of the expenditures arising from such acts and work of protection, maintenance, and preservation by the Agency and/or costs of such cure, including a reasonable administrative charge, which amount shall be promptly paid by Nonprofit to the Agency upon demand.

**404. Management.** Nonprofit shall manage or cause the Property to be managed in a prudent and business-like manner, consistent with first-class multifamily rental housing in Los Angeles County, California, and in accordance with the operating budget for the Property which has been approved by the Agency. Nonprofit may contract with a management company or manager to operate and maintain the Property in accordance with the terms of this Agreement (the "Property Manager"); provided, however, that the hiring and termination of the Property Manager shall be subject to approval by Agency Executive Director, or his or her designee. The fees payable to the Property Manager shall not exceed \$45 per unit, per month, except for reasonable and customary increases, which shall be subject to review and approval by the Agency Assistant Executive Director, or his or her designee. Nonprofit may not itself act as the Property Manager without prior written approval of the Agency Assistant Executive Director or



his or her designee, nor may any of Nonprofit's directors or officers, or any entity with which they are affiliated, act as the Property Manager. Approval of the Property Manager by Agency shall not be unreasonably withheld. If, at any time, the Property Manager is not performing to the reasonable satisfaction of the Agency, the Agency may direct the Nonprofit to use its best efforts to correct any defects in management at the earliest feasible time and, if necessary, to replace the Property Manager prior to the elapsing of such time period. If the management defects identified by Agency have not been corrected within thirty (30) days after Agency's notice to Nonprofit, the Agency may in its sole discretion direct the Nonprofit to immediately terminate the Property Manager.

**405. Reserve Accounts and Other Project Accounts.** The Nonprofit shall also, or cause the Property Manager to, annually set aside not less than Three Hundred Dollars (\$300) per unit, per year, into a separate interest-bearing trust account (the "Capital Replacement Reserve"). The annual contribution to the Capital Replacement Reserve may increase in an amount equal to the Consumer Price Index for the Los Angeles-Riverside-Orange County survey area. The Capital Replacement Reserve shall be used for capital replacements to the Property fixtures and equipment which are normally capitalized under generally accepted accounting principles. The non-availability of funds in the Capital Replacement Reserve does not in any manner relieve the Nonprofit of the obligation to undertake necessary capital repairs and improvements and to continue to maintain the Project in the manner prescribed herein. Not less than once per year, Nonprofit, at its expense, shall submit to the City an accounting for the Capital Replacement Reserve. Capital repairs to and replacement of the Property shall include only those items with a long useful life, including without limitation the following: carpet and drape replacement; appliance replacement; exterior painting, including exterior trim; hot water heater replacement; plumbing fixtures replacement, including tubs and showers, toilets, lavatories, sinks, faucets; air conditioning and heating replacement; asphalt repair and replacement, and seal coating; roofing repair and replacement; landscape tree replacement and irrigation pipe and controls replacement; gas line pipe replacement; lighting fixture replacement; elevator replacement and upgrade work; miscellaneous motors and blowers; common area furniture replacement, and common area repainting. The Capital Replacement Reserve shall be reduced every five (5) years to one-half of the then current balance subject to the reasonable approval of the Agency Director.

The Nonprofit shall set aside in a separate reserve account (the "Operating Reserve"), the sum of Two Hundred Dollars (\$200.00) per unit per year. The Nonprofit shall retain such amount in the Operating Reserve to fund shortfalls between income and actual operating expenses.

The Nonprofit shall set aside, on a monthly basis, in a separate account, funds sufficient to pay Nonprofit's Affordable Housing Agreements Expenses ("BHC Projects Operations Account"). On or before April 1<sup>st</sup> of each year following date of the DDA, Nonprofit shall submit a report detailing all costs and expenses chargeable against this Affordable Housing Agreement Expenses account. The Agency's Assistant Executive Director, or his or her designee, shall review and approve Nonprofit's allocation of such costs and expenses, and may in his or her reasonable discretion, deny eligibility of costs and expenses for reimbursement from the Affordable Housing Agreement Expenses account.



**406. Monitoring and Recordkeeping.** Throughout the Affordability Period, Nonprofit shall comply with all applicable recordkeeping and monitoring requirements and shall annually complete and submit to City a Certification of Continuing Program Compliance in the form provided by the Agency. Representatives of the Agency shall be entitled to enter the Property, upon at least twenty-four (24) hours notice, to monitor compliance with this Agreement, to inspect the records of the Property with respect to housing affordability, and to conduct an independent audit or inspection of such records. The Nonprofit agrees to cooperate with the Agency in making the Property available for such inspection or audit. If for any reason the Agency is unable to obtain the Nonprofit's consent to such an inspection or audit, the Nonprofit understands and agrees that the Agency may obtain at Nonprofit's expense an administrative inspection warrant or other appropriate legal order to obtain access to and search the Property. Nonprofit agrees to maintain records in businesslike manner, and to maintain such records for the term of this Agreement.

**407. Nondiscrimination Covenants.** The Nonprofit covenants by and for itself and any successors in interest that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, nor shall the Nonprofit itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Property. The foregoing covenants shall run with the land.

The Nonprofit shall refrain from restricting the rental, sale or lease of the Property on the basis of race, color, religion, sex, marital status, ancestry or national origin of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

**a. In deeds:** "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

**b. In leases:** "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

"That there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or



segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased.”

**c. In contracts:** “There shall be no discrimination against or segregation of, any person, or group of persons on account of race, color, creed, religion, sex, marital status, national origin, or ancestry, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the transferee himself or herself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the premises.”

## **500. DEFAULTS AND REMEDIES**

**501. Default Remedies.** Subject to the extensions of time set forth in Section 602 of this Agreement, failure by either party to perform any action or covenant required by this Agreement, the DDA, the Lease, or the Loan Agreement, the Agency within the time periods provided herein following notice and failure to cure as described hereafter, constitutes a “Default” under this Agreement. A party claiming a Default shall give written notice of Default to the other party specifying the Default complained of. Except as otherwise expressly provided in this Agreement, the claimant shall not institute any proceeding against any other party, and the other party shall not be in Default if such party cures such failure within thirty (30) days from receipt of such notice, or if the nature of such Default is such that more than thirty (30) days is reasonable required to cure such deficiency, if such party immediately, with due diligence, commences to cure, correct or remedy such failure or delay and shall complete such cure, correction or remedy with diligence.

**502. Institution of Legal Actions.** In addition to any other rights or remedies and subject to the restrictions otherwise set forth in this Agreement, either party may institute an action at law or equity to seek specific performance of the terms of this Agreement, or to cure, correct or remedy any Default, to recover damages for any Default, or to obtain any other remedy consistent with the purpose of this Agreement. Such actions shall be instituted in the Superior Court of State of California, Los Angeles County.

**503. Acceptance of Service of Process.** In the event that any legal action is commenced by the Nonprofit against the Agency, service of process on the Agency shall be made by personal service upon the Agency’s Executive Director or in such other manner as may be provided by law. In the event that any legal action is commenced by the Agency against the Nonprofit, service of process on the Nonprofit shall be made by personal service in such manner as may be provided by law.

**504. Rights and Remedies Are Cumulative.** Except as otherwise expressly stated in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other party.

**505. Inaction Not a Waiver of Default.** Any failures or delays by either party in asserting any of its rights and remedies as to any Default shall not operate as a waiver of any Default or of any such rights or remedies, or deprive either such party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

**506. Applicable Law.** The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

**507. Non-Liability of Officials and Employees of the Agency.** No member, official or employee of the Agency or the City shall be personally liable to the Nonprofit, or any successor in interest, in the event of any Default or breach by the Agency (or the City) or for any amount which may become due to the Nonprofit or its successors, or on any obligations under the terms of this Agreement.

**508. Attorneys' Fees.** In any action between the parties to interpret, enforce, reform, modify, rescind, or otherwise in connection with any of the terms or provisions of this Agreement, the prevailing party in the action shall be entitled, in addition to damages, injunctive relief, or any other relief to which it might be entitled, reasonable costs and expenses including, without limitation, litigation costs and reasonable attorneys' fees.

## **600. GENERAL PROVISIONS**

**601. Notices, Demands and Communications Between the Parties.** Any approval, disapproval, demand, document or other notice ("Notice") which either party may desire to give to the other party under this Agreement must be in writing and may be given by first class mail, postage prepaid, or reputable overnight delivery service, addressed to the party to whom the Notice is directed as set forth below, or at any other address as that party may later designate by Notice.

To Agency:               Redevelopment Agency of the City of Burbank  
275 East Olive Avenue  
P.O. Box 6459  
Burbank, California 91519-6459  
Attention: Executive Director

To Nonprofit:           Burbank Housing Corporation  
153 West Elmwood Avenue  
Burbank, California 91510  
Attention: Judith S. Arandes, Executive Director

Any written notice, demand or communication shall be deemed received immediately if delivered by hand and shall be deemed received on the third day from the date it is postmarked if delivered by registered or certified mail.



**602. Enforced Delay; Extension of Times of Performance.** In addition to specific provisions of this Agreement, performance by either party hereunder shall not be deemed to be in Default, and all performance and other dates specified in this Agreement shall be extended, where delays or Defaults are due to events which are outside of the reasonable control of the party claiming an extension, which may include, without limitation: war; insurrection; strikes; lockouts; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; litigation; unusually severe weather; inability to secure necessary labor, materials or tools; delays of any contractor, subcontractor or supplier; acts or omissions of the other party; acts or failures to act of the City or any other public or governmental agency or entity (other than the acts or failures to act of the Agency which shall not excuse performance by the Agency); or any other causes beyond the control or without the fault of the party claiming an extension of time to perform. Notwithstanding anything to the contrary in this Agreement, an extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the party claiming such extension is sent to the other party within thirty (30) days of the commencement of the cause. Times of performance under this Agreement may also be extended in writing by the mutual agreement of Agency and Nonprofit.

**603. Transfers of Interest in Property or Agreement.**

**603.1 Prohibition.** The qualifications and identity of the Nonprofit are of particular concern to the Agency. It is because of those qualifications and identity that the Agency has entered into this Agreement with the Nonprofit. Accordingly, for the period commencing upon the date of this Agreement and throughout the Affordability Period, no voluntary or involuntary successor in interest of the Nonprofit shall acquire any rights or powers under this Agreement, (b) nor shall the Nonprofit make any total or partial sale, transfer, conveyance, assignment, subdivision, refinancing or lease of the whole or any part of the Property (collectively referred to herein as a "Transfer"), without the prior written approval of the Agency, except as expressly set forth herein.

**603.2 Permitted Transfers.** Notwithstanding any other provision of this Agreement to the contrary, Agency approval of a Transfer shall not be required in connection with any of the following:

- (a) The conveyance or dedication of any portion of the Property to the City or other appropriate governmental agency.
- (b) Any lease of the Property to individual tenants in the ordinary course of business.

**603.3 Agency Consideration of Requested Transfer.** The Agency agrees that it will not unreasonably withhold approval of a request for approval of a Transfer made pursuant to this Section 603, provided the Nonprofit delivers written notice to the Agency requesting such approval. Such notice shall be accompanied by evidence regarding the proposed transferee's qualifications and experience, and its financial commitments and resources, in sufficient detail to enable the Agency to evaluate the proposed assignee or purchaser pursuant to the criteria set

forth in this Section 603 and as reasonably determined by the Agency. Notwithstanding the foregoing, the Agency may, in considering any such request, take into consideration such factors as (i) the quality of any new and/or replacement owner, (ii) the transferee's past performance as owner and operator of affordable housing properties, (iii) the current financial condition of the transferee, (iv) the transferee's past experience and performance working with cities, redevelopment agencies, and/or housing authorities, (v) and similar factors. The Agency agrees not to unreasonably withhold its approval of any such requested Transfer, taking into consideration the foregoing factors.

An assignment and assumption agreement in form satisfactory to the Agency's legal counsel shall also be required for all proposed Transfers. Within thirty (30) days after the receipt of the Nonprofit's written notice requesting Agency approval of a Transfer pursuant to this Section 603, the Agency shall either approve or disapprove such proposed assignment or shall respond in writing by stating what further information, if any, the Agency reasonably requires in order to determine the request complete and determine whether or not to grant the requested approval. Upon receipt of such a response, the Nonprofit shall promptly furnish to the Agency such further information as may be reasonably requested.

**603.4 Successors and Assigns.** All of the terms, covenants and conditions of this Agreement shall be binding upon the Nonprofit and its permitted successors and assigns. Whenever the term "Nonprofit" is used in this Agreement, such term shall include any other permitted successors and assigns as herein provided.

**603.5 Assignment by Agency.** The Agency may assign or transfer any of its rights or obligations under this Agreement with the approval of the Nonprofit, which approval shall not be unreasonably withheld; provided, however, that the Agency may assign or transfer any of its interests hereunder to the City at any time without the consent of the Nonprofit.

**604. Agency Approvals and Actions.** The Agency shall maintain authority of this Agreement and the authority to implement this Agreement through the Agency's Executive Director (or his or her duly authorized representative). The Agency's Executive Director shall have the authority to make approvals, issue interpretations, execute documents, waive provisions, extend time periods, and/or enter into amendments of this Agreement on behalf of the Agency so long as such actions do not materially or substantially change the uses permitted on the Property, or add to the costs incurred or to be incurred by the Agency as specified herein. All other material and/or substantive interpretations, waivers, or amendments shall require the consideration, action and written consent of the Agency Board.

**605. No Waiver.** A waiver by either party of a breach of any of the covenants, conditions or agreements under this Agreement to be performed by the other party shall not be construed as a waiver of any succeeding breach of the same or other covenants, agreements, restrictions or conditions of this Agreement.

**606. Modifications.** Any alteration, change or modification of or to this Agreement, in order to become effective, shall be made in writing and in each instance signed on behalf of each party.



**607. Severability.** If any term, provision, condition or covenant of this Agreement or its application to any party or circumstances shall be held, to any extent, invalid or unenforceable, the remainder of this Agreement, or the application of the term, provision, condition or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected, and shall be valid and enforceable to the fullest extent permitted by law.

**608. Time of Essence.** Time is expressly made of the essence with respect to the performance by the Agency and the Nonprofit of each and every obligation and condition of this Agreement.

**609. Cooperation.** Each party agrees to cooperate with the other in this transaction and, in that regard, to sign any and all documents which may be reasonably necessary, helpful, or appropriate to carry out the purposes and intent of this Agreement including, but not limited to, releases or additional agreements.

[End of Page]

**IN WITNESS WHEREOF**, the Agency and the Nonprofit have executed this Regulatory Agreement as of the date set forth above.

**AGENCY:**

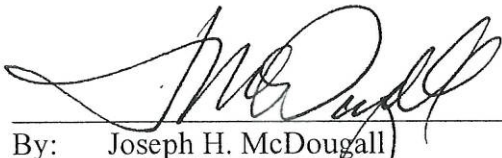
**REDEVELOPMENT AGENCY OF THE CITY OF BURBANK**, a public body, corporate and politic

By: \_\_\_\_\_  
Executive Director

**ATTEST:**

\_\_\_\_\_  
Margarita Campos, CMC, Agency Secretary

Approved as to Form and Legal Content  
Dennis A. Barlow, City Attorney/Agency Counsel

  
\_\_\_\_\_  
By: Joseph H. McDougall  
Assistant City Attorney

**NONPROFIT:**

**BURBANK HOUSING CORPORATION**, a California nonprofit corporation

By: \_\_\_\_\_

By: \_\_\_\_\_



STATE OF CALIFORNIA

)

) ss.

COUNTY OF LOS ANGELES

)

On \_\_\_\_\_, before me, \_\_\_\_\_, Notary Public,  
(Print Name of Notary Public)

personally appeared \_\_\_\_\_,

☐ personally known to me

-or-

☐ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

\_\_\_\_\_  
Signature Of Notary

### OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

#### CAPACITY CLAIMED BY SIGNER

- ☐ Individual  
☐ Corporate Officer

\_\_\_\_\_  
Title(s)

- ☐ Partner(s) ☐ Limited  
☐ General

☐ Attorney-In-Fact

☐ Trustee(s)

☐ Guardian/Conservator

☐ Other: \_\_\_\_\_

Signer is representing:  
Name Of Person(s) Or Entity(ies)  
\_\_\_\_\_  
\_\_\_\_\_

#### DESCRIPTION OF ATTACHED DOCUMENT

\_\_\_\_\_  
Title Or Type Of Document

\_\_\_\_\_  
Number Of Pages

\_\_\_\_\_  
Date Of Document

\_\_\_\_\_  
Signer(s) Other Than Named Above

STATE OF CALIFORNIA

)

) ss.

COUNTY OF LOS ANGELES

)

On \_\_\_\_\_, before me, \_\_\_\_\_, Notary Public,  
(Print Name of Notary Public)

personally appeared \_\_\_\_\_,

☐ personally known to me

-or-

☐ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

\_\_\_\_\_  
Signature Of Notary

#### OPTIONAL

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\_\_\_\_\_  
Title(s)

- ☐ Partner(s) ☐ Limited  
☐ General  
☐ Attorney-In-Fact  
☐ Trustee(s)  
☐ Guardian/Conservator  
☐ Other: \_\_\_\_\_

Signer is representing:  
Name Of Person(s) Or Entity(ies)  
\_\_\_\_\_  
\_\_\_\_\_

##### DESCRIPTION OF ATTACHED DOCUMENT

\_\_\_\_\_  
Title Or Type Of Document

\_\_\_\_\_  
Number Of Pages

\_\_\_\_\_  
Date Of Document

\_\_\_\_\_  
Signer(s) Other Than Named Above



**EXHIBIT "A"**  
**LEGAL DESCRIPTION OF PROPERTY**

[TO BE INSERTED]

**EXHIBIT "B"**  
**MAP OF PROPERTY**

[TO BE INSERTED]